

DOCUMENT RESUME

ED 260 195

CE 041 988

AUTHOR Briggs, Vernon M., Jr.
TITLE The Emergency Jobs Program of 1983: Its Implementation by the Tennessee Valley Authority.
SPONS AGENCY Tennessee Valley Authority, Knoxville.
PUB DATE 15 Jul 84
CONTRACT TV-61589A
NOTE 96p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC04 Plus Postage.
DESCRIPTORS Delivery Systems; Employment Practices; *Employment Programs; *Employment Services; *Job Development; Job Training; Labor Force Development; Postsecondary Education; Program Effectiveness; Program Implementation; *Regional Planning; *Regional Programs; Unemployment

ABSTRACT

In March 1983, the Tennessee Valley Authority (TVA) received \$4 million in Federal funds to establish an emergency jobs program as authorized under the Emergency Jobs Act of 1983. Within 90 days, TVA found employment for 493 persons, and, by the end of June 1984, 1,183 persons had been employed by TVA. Of those employed, 14.9 percent were minorities and 10.2 percent were women. Although the program had originally been intended to give preference to individuals who had exhausted their eligibility for unemployment compensation, it was eventually decided to give the same priority to those persons who were receiving extended unemployment benefits as to those who had exhausted their benefits. Sixty-three percent of those directly hired by TVA were former employees. This policy provided a productivity bonus since those persons had already been trained and were aware of TVA's work and safety rules. Because of the program's emphasis on construction projects and TVA's labor relations policy giving hiring preference to unemployed union members, 89 percent of those persons hired by TVA were union members. The creation of a "sublaborer" job classification and an associated special wage rate enabled more experienced persons to be hired than would have normally been the case. (MN)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED260195

**The Emergency Jobs Program of 1983: Its Implementation
by the Tennessee Valley Authority**

Report Prepared by:

Vernon M. Briggs, Jr.
Cornell University

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

- This document has been reproduced as
received from the person or organization
originating it.
- ☐ Minor changes have been made to improve
reproduction quality.
- Points of view or opinions stated in this docu-
ment do not necessarily represent official NIE
position or policy.

July 15, 1984

CE 04/988

This Report was prepared for the Office of Audit and Evaluation of
The Tennessee Valley Authority under Contract No. TV 61589A. As the author
was expected to work independently and to express his own judgments freely,
the report does not necessarily represent the official opinions of the
Directors or staff of the Tennessee Valley Authority. Except for the program
data which were provided by TVA, the author is solely responsible for the
interpretations and assessments of the program that are contained in this
report.

Table of Contents

Table of Contents	i
List of Tables	ii
Executive Summary	iii
Chapter I Introduction	1
II Public Sector Job Creation As An Instrument of Public Policy	4
III Program Objectives	19
IV The Choice of Work Projects	31
V Employment Objectives and Participant Eligibility	41
VI General Experiences and Accomplishments	53
VII Specific Accomplishments	61
VIII Concluding Observations	72
Endnotes	74
Appendix	77

LIST OF TABLES

<u>Table</u>	<u>Page</u>
1: The Program Content and Aggregate Fund Distribution of the Emergency Jobs Bill of 1983	20
2: Comparison of Quarterly Unemployment Rates of The United States and of The 201 Counties That Comprise the TVA Service Area in Seven States, 1973-83	24
3: Number of Employees of the Tennessee Valley Authority, Year-End Figures for Fiscal Years 1933-83 and February 29, 1984	28
4: Dollar Allocations By TVA To Finance Job Creation Projects Under P.L. 98-8, By State, June 30, 1984	37
5: Monthly Totals of "Direct Hires" by TVA and Employment by Private Contractors under P.L. 98-8, April 1983 Through Early 1984	56
6: Expenditures and Obligations of Jobs Program Funds by TVA, April 1983 Through May 1984	60
7: Description, Funding Levels, and Approximate Geographic Location of the TVA Projects Funded Under P.L. 98-8, as of December 31, 1983	78

Executive Summary

Beginning in July 1981 and continuing through November, 1982, the monthly unemployment rate for the United States rose from 7.0 percent to 10.8 percent -- the highest monthly rate since before World War II. In addition, there were over 2 million "would-be" workers who had become "discouraged" from seeking jobs. In the 201 counties in the seven states that comprise the service area of the Tennessee Valley Authority (TVA), the unemployment rate averaged 12.5 percent for the last calendar quarter of 1982.

Against this backdrop, Congress passed the Emergency Jobs Act of 1983 (P.L. 98-8) with a \$4.6 billion appropriation. It was signed into law on March 24, 1983. Among the governmental organizations designated to provide employment opportunities for unemployed workers was the Tennessee Valley Authority. It received \$40 million. This study reviews and assesses the involvement of TVA in the implementation of this public policy initiative from March 1983 through June 1984.

Unemployment in the TVA Service Area

Traditionally, the unemployment rates in the TVA service area have been below national unemployment rates. But, beginning in late 1979 the unemployment rate in the TVA service area began to exceed the national rate and it has continued to do so ever since. When the recession began in 1981, the TVA service area was "harder hit" by the recession than was the national economy. It is also less likely that the recovery from the recession will be as rapid in this region as in the nation as a whole. The explanation for the long term deterioration of employment opportunities in the region are attributed to: (1) an older and more mature industrial base; (2) a disproportionate concentration of the large manufacturing enterprises that directly compete with foreign imports; and (3) the TVA region did not

significantly benefit from the major economic stimulation policy implemented at the national level in 1981.

In addition, TVA itself contributed to regional unemployment when, in 1981, it began a significant reduction in its nuclear power construction program. These work deferrals, combined with other mandated contractions in total federal employment associated with federal budget-cutting program during 1982 meant that TVA was forced to reduce its labor force by over 15,000 persons in the midst of the recession.

Given the fiscal austerity of times, the program was perceived by TVA as providing a rare opportunity to hire unemployed but experienced workers while, at the same time, accomplishing a backlog of projects for which the agency as yet been unable to secure appropriations from Congress.

Program Design

With regard to the work to be done, TVA decided that only projects that had been previously submitted in the normal budget procedures (but which had been unfunded) would be considered. This policy was designed to assure that there would be "no make-work projects." In response, the staff received a list of proposed projects that totalled over \$90 million. Consequently, it was necessary to impose priorities. They were the labor intensity of the proposal; the geographical location (i.e., was it in an area of high unemployment and/or was it in an area where TVA layoffs had been extensive); and the expected benefit to TVA and the region that would result from the project. The staff also added another rule for construction projects: the likelihood that the project could be initiated within 90 days. The "90 day rule" was not a mandatory consideration but it was used because TVA officials took seriously the legislative language that called for speedy implementation.

It was also decided during the planning period that about 80 percent of the work would be done by TVA's own construction divisions. By relying upon its own internal organizations, the planners felt that TVA could assure that the participant eligibility standards for the program were met. As for the remaining work, it would be awarded by bids to private contractors. This work primarily consisted of small projects on TVA facilities in areas that were remote from TVA employment concentrations. The risk in using private contractors, however, was the fear that it would be difficult to monitor participant eligibility standards.

Participant Eligibility

Concerning participant eligibility, the only applicable legislative requirement was that federal agencies were to use their funds "to maximize immediate creation of new employment opportunities to individuals who were unemployed fifteen of the twenty-six weeks immediately preceding the date of enactment of this Act". Otherwise, TVA was free to impose its own criteria. Accordingly, TVA adopted seven program features that, collectively, shaped the character of its program. These were: (1) special efforts would be made to assure that minorities and women adequately participated; (2) an attempt would be made to re-employ former TVA employees who were unemployed; (3) persons hired should live within a 50 mile commuting radius of designated work sites; (4) reliance would be made upon union hiring halls to provide most of the individuals who would be employed; (5) a new job classification of "sub laborer" would be created at a special wage rate for some work that required relatively unskilled workers; (6) priority would be given to employing the long term unemployed -- especially those who had exhausted their unemployment compensation eligibility; and (7) only experienced TVA employees would be used as supervisors.

It was estimated at the outset that about 2,000 jobs could be provided with the available funds. But within the first two months of the program's operations, TVA had received over 22,000 applicants. In addition to the inability to accommodate the vast majority of applicants, there were also complaints from many local communities when it was learned that there would be no projects within their localities. For the most part, however, the original program content was retained.

Program Operations

From the outset, TVA intended that all funds would be spent within 18 months (i.e., by September 30, 1984). As of the end of May, 1984, TVA had already spent over \$29 million and it had obligated over \$32 million. If TVA had elected to contract out most of its work, it could have obligated all of its dollars more quickly. But, the rate of obligation does not correlate directly with rate of employment. In order to assure compliance with the specific terms of the jobs program, TVA elected to spend most of the funds on persons that it hired directly. In this way, TVA felt it could be assured that unemployed persons were actually hired as well that the other important goals that TVA had set were met.

Program Accomplishments

The first participant was employed within eleven days of the date that P.L. 98-8 became law. Within 90 days, 493 persons were employed directly by TVA. By the end of June 1984 (or after fifteen months) 1,183 persons had been employed by TVA, and as of the end of April 1984 (or after thirteen months) an additional 532 workers had also been employed by private contractors.

In addition to its aggregate employment effects, the specific accomplishments of the program were as follows:

1. With only slight program modifications, equal employment opportunity objectives were essentially met. Of those employed directly by TVA, 14.9 percent were minorities and 10.2 percent were women. Despite an effort to require data on the characteristics of those persons employed by private contractors, the appropriate data was not forthcoming.
2. Application of a strict definition of unemployment status for participant eligibility proved difficult because persons who were formerly discouraged from seeking work and persons who were involuntarily employed on a part-time basis sought to be included. Likewise, as the life of the program progressed, it was necessary to modify the original strict eligibility standard of being unemployed for 15 of the 26 weeks prior to March 24, 1983.
3. Giving preference to unemployed persons who had exhausted their eligibility for unemployment compensation proved to be difficult because, at the last moment, P.L. 98-8 was amended to provide eligibility for extended supplemental benefits coverage. As a consequence, it was necessary to give those persons who were receiving such extended benefits the same priority status as originally intended for those who had exhausted their benefits.
4. A significant number of former employees were re-hired (63 percent of those directly hired by TVA). This policy provided a productivity bonus since these persons were already trained and aware of TVA's work and safety rules. Minority and women workers benefited disproportionately from this hiring preference.
5. The geographic eligibility restriction on worker participation was not enforced due to the opposition of local government officials of communities outside the 50 mile radius of designated work sites. They felt it was arbitrary and it unfairly denied job opportunities to otherwise eligible persons.
6. Unemployed union members were the primary beneficiary of the job opportunities provided by the program. This result stemmed from the emphasis placed on construction projects and TVA's labor relations policy that gives hiring preference to unemployed union members when they are available. Eighty-nine percent of those persons hired by TVA were union members.
7. The creation of the "sub laborer" job classification and its associated special wage rate enabled more experienced persons to be hired than would have normally been the case. It also contributed significantly to the ability of this program to meet its equal employment opportunity objectives.
8. The use of experienced supervisors enhanced program effectiveness.

Conclusions

P.L. 98-8, as administered by the Tennessee Valley Authority, accomplished its primary mission of serving as an instrument of countercyclical job creation. Long term unemployed workers were able to find jobs in their normal line of

work and to spend their derived incomes within their local communities to help others. In the process, TVA benefitted from the opportunity to have a significant amount of tangible work completed that would not have otherwise been possible for a number of years. Likewise, the public will directly benefit as a result of the availability of many of these facilities for present use.

In addition, TVA's design and administration of jobs program represented a conscientious effort to affirm its commitment to the enhancement of employment opportunities for minorities and women; to demonstrate its concern for the welfare of its former employees; to strengthen its positive relationship with the collective bargaining agents that represent its workers; to contribute to the income available to be spent within the region during a period of economic hardship; and to acknowledge to itself that the current TVA organization was as capable of responding to the opportunity afforded by Congress to meet the employment needs of the workers of its region in the 1980s as had its founding predecessors been in the 1930s.

Chapter 1

Introduction

Beginning in mid-1981 and continuing throughout 1982, the monthly unemployment rate for the United States rose steadily. By November 1982, it had reached 10.8 percent -- the highest monthly rate since before World War II. As distressing as were the trends in the national figures, the situation was even worse in some localities and regions. In the 201 counties in the seven states that comprise the service area of the Tennessee Valley Authority (TVA), for instance, the unemployment rate averaged 12.5 percent for the last calendar quarter of 1982.

In absolute terms, the 10.8 percent national unemployment rate translated into over 12 million unemployed workers. To make matters worse, there were over 2 million "would-be" workers who were recorded as having dropped-out of the work force because they had become "discouraged" from seeking jobs. In the TVA service area, the unemployed numbered almost 460,000 workers with no available data on those who were discouraged and quit seeking jobs. As the recession persisted month after month, there were mounting concerns for the plight of many of these persons as their eligibility for unemployment insurance began to expire.

Against this backdrop, numerous proposals were made by knowledgeable labor market experts, concerned public officials, and by spokesmen for sympathetic private organizations in support of the enactment of "a jobs bill" by the federal government.¹ Direct public sector job creation had been a key feature of public policy in the 1970s on those occasions when unemployment rates rose to unacceptable levels. Accordingly, as one of its earliest

actions, the 98th Congress passed the Emergency Jobs Act of 1983 (P.L. 98-8) with a \$4.6 billion appropriation. It was signed into law by President Ronald Reagan on March 24, 1983. Among the governmental organizations designated and funded by the legislation to provide such employment opportunities was the Tennessee Valley Authority.

It is, therefore, the purpose of this study to review and assess the involvement of TVA in the implementation of this public policy initiative from March 1983 through June 1984. The report will outline how TVA became involved; the objectives that TVA sought to accomplish through its participation; the ways in which the program was implemented; the characteristics of the participants and an assessment of the accomplishments of the program relative to both the national intentions as set by Congress and the regional goals as determined by TVA.

Methodology

The methodology used to conduct this study is that of a "process evaluation". A process evaluation is by definition "operation oriented."² It seeks to assess the "workability" of the program.³ Accordingly, the findings rely extensively upon the review of documents and the conduct of extensive interviews with officials responsible for the program's administration. These personal interviews were conducted on six separate occasions over a fifteen month period with the appropriate officials of TVA during each of the critical periods of the program's operation--the planning period (March 1983); the implementation period (May 1983); the on-going operational period (June 1983, October 1983, and January 1984); and the phase-down period (April 1984). In addition, during June 1983, field visits were made to actual work

sites in Muscle Shoals, Alabama; in rural North Alabama (near Decatur, Alabama); and to the Land-Between-the Lakes peninsula which includes part of northwestern Tennessee and southwestern Kentucky. These work sites were among the largest -- in terms of both the expenditures of funds and the number of workers who were hired by TVA -- of those provided by this program. During these field visits, interviews were also conducted with business agents of several unions whose members were employed on the program; foremen responsible for supervision of work crews at particular projects; and local TVA officials associated with the administration of the actual projects. Throughout the entire study period, the personnel office of TVA provided a weekly summary of the employment levels achieved under the program as well as a breakdown of the characteristics of the participants in the program that had been specified by the author at the outset of the program. The study was not designed -- except by deductive reasoning -- to evaluate the impact of the program on the specific participants themselves or the actual value added to TVA's physical assets of the work that was performed.

Chapter II

Public Sector Job Creation As An Instrument of Public Policy

It is often said that public policy is not made but that it emerges. Such a process has characterized the evolution of public sector job creation policies. The Emergency Jobs Act of 1983 does not represent an isolated social experiment. Rather it can best be understood within the context of an on-going policy refinement process. To some degree, it draws upon past experiences with respect to what to do and what not to do. Yet, it is also true that this Act has unique features. Some of these program characteristics may be worthy of future replication if the need should arise; others may not. Before proceeding with the task of reviewing TVA's role in this policy venture, it is necessary to discuss briefly the concept of direct public sector job creation and how this policy tact became involved in the economic recession of 1981-4.

TVA has had a lengthy involvement with the evolution of job creation policy. It is worthy of note that the establishment of TVA as a distinct organizational entity and the initiation of direct public sector job creation as an instrument of economic policy both celebrated their 50th anniversaries in 1983. This co-event, of course, was no accident. Both activities were forged from the same crucible of economic circumstances. They both are manifestations of the human quest to influence events rather to merely tolerate adversity. Thus, to some degree, the involvement of TVA with P.L. 98-8 is but another example of an on-going historical process.

Policy Development: The Beginnings

Prior to 1929, there were only isolated efforts made by some local and state governments in the United States to assist those persons among the citizenry who could not support themselves through work. In the 18th and 19th Centuries these limited undertakings were tied to local poor laws. Participants were required to take a pauper's oath. If deemed employable, they would usually be assigned work tasks for a small pittance of cash. By the 20th Century various local reform drives sought to overcome the harshness of the poor laws by introducing the concept of home relief. Home relief was usually provided in the form of "in-kind" items rather than cash. Yet these early social policies--as well as a few other public income transfer arrangements that were established for certain categories of people deemed to be "unemployable" (e.g., blind, disabled, and the aged)--had little to offer the vast majority of able-bodied persons when they were confronted with the spectre of unemployment. They were expected to fend for themselves.

With the onset of the Great Depression in late 1929, mass unemployment shattered the myth that society could remain indifferent to the loss of income opportunities through work for a substantial number of its members. The initial response of the Hoover Administration was an attempt to entice both additional direct relief and new construction projects by local and state governments. But even where there was a will, there was often no way that local and state governments could respond. Finally, in 1932, the Hoover Administration supported the passage of the Emergency Relief and Construction Act. It did not create jobs directly but it did provide repayable cash advances to states and local governments for both direct relief to needy

persons and for work relief on construction projects. By late 1932, the repayment provisions were cancelled because, as unemployment continued to soar, many local and state governments were either bankrupt or nearly so.

It was with the advent of the Roosevelt Administration in March 1933 that recognition of the full magnitude of the economy's collapse was finally matched with a willingness to pursue new policy alternatives on a massive scale. The unemployment rate for 1933 was 24.9 percent. As substantial portions of the agricultural, financial, and industrial sectors of the private sector had collapsed or were on the verge of doing so, the Roosevelt Administration recognized that the only alternative was direct public sector job creation with the federal government providing the needed funds. To offset what was believed to be only a temporary downward swing of the business cycle, the immediate need was to provide jobs which, in turn, could generate personal income that could be spent to create additional jobs. Thus, a new instrument of public policy was born: countercyclical public sector job creation.

The programmatic manifestations of job creation policies came in a rapid fire series of New Deal policies. The Civilian Conservation Corps, the Federal Emergency Relief Administration, and the Civil Works Administration were created in 1933. In 1935, the Works Progress Administration and the National Youth Administration were established. Putting aside their descriptive details, their importance rests with the fact that they collectively manifested a new principle of governmental responsibility. In an era that preceeded the time when alternative forms of income maintenance were available, the precedent was set whereby the federal government should provide job opportunities for unemployed persons to do useful public work until such time

as the private sector could revive. The list of accomplishments of these programs is impressive as was the scope and size of the commitments.¹ The Works Progress Administration, for instance, at one time provided jobs for as many as 40 percent of the nation's unemployed workers. No subsequent public job creation undertaking has ever approximated that scale.

It was also within this same time frame and against the same depressed economic backdrop that the Tennessee Valley Authority was established.² The signing of the Tennessee Valley Act on May 18, 1933 capped a political struggle that had raged for fourteen years over public versus private control of the hydro-electric power and fertilizer facilities at Muscle Shoals, Alabama. Assessing the entire scope of the TVA undertaking when it was initiated, the noted American historian Arthur Link has written:

The greatest hydroelectric project in history, it harnessed the water resources of an area 40,000 square miles in size in a once impoverished region and dramatically demonstrated man's ability to control the primeval forces of nature and repair the damage done to the good earth during two centuries of wasteful exploitation.³

In his message to Congress, President Roosevelt proposed that "a corporation clothed with the power of government but possessed of the flexibility and initiative of private enterprise" be established in order to fully develop the natural resources of the Tennessee River valley. Congress responded quickly with the creation of TVA. It was designed to have a three-person board of directors who were endowed with sweeping authority that was subject only to the general supervision of the President and Congress. TVA's permanent employees are technically federal workers but they are exempt from the federal civil service system. Thus, TVA has operational autonomy that enables it to set its own personnel and labor relations policies.

The intention of the TVA Act was not job creation per se. It embraced a far more ambitious agenda. Its primary mission was to control the Tennessee River and its tributaries in order to stop soil erosion, prevent floods, and improve navigation. The authorizing legislation also empowered TVA to generate electric power, to engage in reforestation, to enhance marginal lands, and to conduct experiments and demonstrations for "the economic and social well-being of the people living" throughout the entire water basin region. It is obvious that in the process of accomplishing these multiple objectives, the expenditure of federal funds created thousands of employment opportunities at a point in time when jobs were desperately needed. In addition to the assembly of its own work force which from 1933 to 1940 averaged about 13,500 workers, the TVA system also provided work site opportunities for hundreds of members of the Civilian Conservation Corps who were involved in reforestation projects, recreational land improvements, and trail building.

Thus, the economic and political conditions of the 1930s provided a social climate in which both the political opposition to the creation of TVA as a venture in regional planning and public power provision was overcome and the necessity of direct federal job creation programs during periods of mass unemployment was recognized and implemented.

The Suspension of Interest in Direct Job Creation

As important and innovative as the concept of direct public sector job creation was, unemployment in the nation was 14.6 percent in 1940. Although a considerable improvement over the past, the rate was still unacceptably high. Unfortunately, it was the mobilization and eventual entry of the United

States into World War II that led to the return of full employment (the unemployment rate was 1.9 percent in 1943 and 1.2 percent in 1944). By this time, the short run, labor intensive job creation programs of the New Deal had been phased-out. Some of the long term, capital intensive programs (like TVA), however, expanded employment dramatically during World War II due to their ability to contribute to the war effort.

Putting aside any notion that compulsory military service was itself a form of public sector job creation (since it was a response to an external political threat rather than to internal economic conditions), there were no further advancements in the use of job creation policies from the World War II era until 1971. At no time between 1943 and 1970 did the national unemployment rate exceed 6.8 percent as an annual average. Over most of this interval, it was considerably lower.

The Indirect Revival of Job Creation Policy

In the early 1960s, the so-called "manpower revolution" was launched. It marked the beginning of a conscientious effort by the federal government to coordinate and to initiate programs to develop the employment potential of the nation's human resources. The initial legislative actions were contained in the Area Redevelopment Act of 1961 and the Manpower Development and Training Act of 1962. The thrust of these legislative programs was toward re-training of workers confronted with the threat of technological displacement. The target group to be served was, essentially, family heads who already had work experience. There were no explicit job creation programs contained in these statutes. But with the Vietnam War build-up and the subsequent decline in aggregate unemployment, the focus of these

legislative endeavors shifted by the mid-1960s to serving the economically disadvantaged and the long term unemployed. These persons and groups were believed to be structurally unemployed (i.e., persons who found it difficult to find jobs even when vacant jobs exist because they were unqualified or who resided in geographic areas where their skills were unneeded even though they could be employed elsewhere). Indicative of this strategy shift was the enactment of the Economic Opportunity Act of 1964 (EOA) and its mandate to conduct a "war on poverty." Under its auspices, a host of programs that implicitly embraced job creation principles were established. Several programs drew on the antecedents of the New Deal period. The "in-school" and "out-of-school" programs of the Neighborhood Youth Corps were based on models created by the National Youth Administration. The rural conservation centers of the Job Corps were similar in design to the Civilian Conservation Corps. But in addition, there were new programs such as the Work and Training Program that provided employment to some welfare recipients; a college work-study program to help youth from low income families attend colleges; and the community action program that employed poor persons in jobs as sub-professionals in neighborhood centers. All of these programs were "ambivalent between the goal of job creation and that of providing experience and skill leading to more orthodox jobs."⁴

In 1965, however, another amendment to EOA established a program that had the "frank objective of employing the adult, mostly elderly, poor on conservation and beautification projects."⁵ Known as "Operation Mainstream," it was designed primarily to serve unemployed older workers in rural areas. Small in both the number of participants and funding, it consistently won praise over its lifetime (up until 1974) for both its usefulness and its

accomplishments.⁶ Additional amendments to the EOA in 1966 authorized the New Careers Program (designed to provide jobs to unemployed poor persons as sub-professional aides) and the Special Impact Program (intended to provide jobs in urban areas of very high unemployment doing housing and environmental rehabilitation).

It is important to note that all of the aforementioned EOA programs embodied job creation principles "but the goal was never explicitly stated and the programs were carried out under the guise of other objectives."⁷

The Explicit Revival of Job Creation Policy

Even though the annual unemployment rates for the nation held below 4 percent from 1966 through 1969, some major sub-groups of the labor force (e.g., minorities and youth) and in some geographic areas (e.g., inner city areas and isolated rural areas) experienced unemployment rates that totalled several multiples of the national average. These conditions contributed to a series of civil disorders in a number of the nation's largest metropolitan areas and similar concerns were raised that it was only an "audibility gap" that often kept rural persons from expressing their frustrations in a similarly recognizable way (i.e., there is little news coverage or media exposure of economic events in rural areas comparable to those present in urban areas to publicize similar conditions).⁸ In response to these considerations, there were a number of unsuccessful congressional attempts to enact direct job creation measures. Advocates contended that no amount of training will solve the problems of these unemployed groups and regions if there are no jobs available. Hence, they argued that human resource policy for the nation should include job creation measures even when the aggregate unemployment rates are low.

With the beginning of the withdrawal of the United States from its involvement in Vietnam in the early 1970s, unemployment rates began once again to climb. Congress responded with a countercyclical job creation bill. Despite some initial reluctance, President Richard Nixon signed into law the Emergency Employment Act (EEA) in July 1971.⁹ EEA was the first explicit job creation law to be enacted in the United States since 1935. It was designed to be a temporary measure whose life was to be limited to two years. The actual jobs were to be provided by state and local governments. The \$2.2 billion was to be distributed on the basis of the local unemployment rates in the respective political jurisdictions. Although there were no mandated targeting provisions in EEA, a strong preference was given to veterans.

In 1973, as a result of a political compromise between Congress and the President, the extant federally supported human resource system was completely overhauled. The existing legislation--including all of the various job creation programs--were collapsed into a single new law: the Comprehensive Employment and Training Act (CETA). With CETA came a statutory recognition of direct public sector job creation policies as an on-going feature of public policy.

The CETA Era

CETA provided the framework through which virtually all of the nation's federally supported human resource programs were implemented from 1974 through 1982. CETA created a nationwide administrative system of local and state prime sponsors to administer most of the programs authorized by its provisions. CETA encompassed a variety of human resource programs whose goals and provisions are not relevant to present purposes. But it was CETA's provisions

for job creation policy--or "public service employment" as the program was called--that proved to be the most important human resource policy development of this entire era.

During its lifetime, the character of CETA's public service employment programs went through a variety of manifestations. The details of these programmatic endeavors are not important to present discussions. Suffice to say that these were five different public service employment programs created by CETA and its subsequent amendments in 1974, 1976, and 1978. The initial public service programs under CETA had a countercyclical focus (i.e., almost anyone in the labor force who was unemployed was eligible). Beginning in 1976, a counterstructural program focus was added (i.e., participation was targeted to the low income work force or long term unemployed) while the countercyclical program was continued. But by late 1978 all of the job creation programs under CETA had been restructured to serve a strict counterstructural role (i.e., only those who were both from low income families and who were long term unemployed were eligible) and the countercyclical programs were abolished.¹⁰

TVA and CETA

In passing, it is instructive to note that TVA became involved with the job creation programs established under CETA as an employing unit.¹¹ Beginning in 1975 with about 100 job slots in Kentucky, TVA gradually expanded its role to provide employment to over 1,000 participants by 1977 and continued at about this level until the national program began to be phased down after 1980. The vast majority of these CETA workers were employed on rural work sites in Tennessee but some continued to work in Kentucky and a few were employed in Alabama and Mississippi. Most of TVA's CETA

workers were employed as unskilled "conservation workers" who were hired to work in the short term "projects" authorized under the counter-structural programs of CETA.

The End of the CETA Era

By late 1981, the public service employment era under CETA had ended. Despite a host of independent research studies that uniformly showed that public service employment had successfully accomplished most of its goals, it had not always worked perfectly.¹² Perfection, of course, is essentially an academic ideal. It is seldom, if ever, achievable in actual practice in any public policy undertaking. Nonetheless, by focusing upon some of its administrative difficulties, it was possible to make job creation policy a subject of public scorn. Thus, the Reagan Administration, with the endorsement of Congress, not only eliminated all funding for public service employment as of October 1, 1981, but under the Omnibus Budget Reconciliation Act of 1981 it also enacted the largest tax reduction program in the nation's history. General tax reduction has since the 1930s been recognized as the primary policy alternative to direct job creation as the appropriate fiscal policy to combat widespread unemployment. Thus, the policy pendulum swung back in 1981 to support tax cutting (as it had done once before in 1964) as the preferred policy instrument.

Enrollments in public sector job creation programs had started from zero in mid-1971, had peaked at 755,000 participants in April 1978, and had returned to zero by Fall 1981. CETA itself was not renewed in 1982. With its expiration, the standing legislative authorization for public sector job creation programs ceased. The enactment of Job Training Partnership Act of

1982 as a replacement of CETA was purposely designed to be devoid of any provisions for direct job creation programs.

The Resurrection of Job Creation Policy

Hardly had the new tax cuts begun in July 1981 and the termination of public service employment as of October 1981 been accomplished than the nation's unemployment rate started to rise sharply. From July 1981 to November 1982, the national rate rose steadily from 7.0 percent to 10.8 percent. These average figures, of course, still masked the fact that many sub-groups of the labor force and many geographic regions of the nation were even more adversely affected. Moreover, the prolonged duration of the recession meant that, of those workers eligible for unemployment compensation, many were confronted with the prospect of the exhaustion of those benefits.

As the economic indicators for the labor force in 1982 showed no sign of rapid improvement, Congress initiated a discussion of ways to resurrect direct job creation programs. Following the congressional elections in the Fall of 1982--during which unemployment was a key political issue, a "lame duck" session of Congress sought to implement such measures. Two separate bills were prepared. As President Reagan was openly opposed to job creation policy (during the 1982 congressional campaigns he had referred to them as "expensive failures"), a politically acceptable compromise was reached over one of the proposals. Namely, a public works oriented bill to rebuild the nation's bridges and highways was proposed. It would be self-financed by a five-cent a gallon increase in the federal gasoline tax (called a "user-fee" in the ensuing debate to avoid the Administration's opposition to any new taxes). The bill passed and was signed into law on January 6, 1983. The

tax went into effect on April 1, 1983 and it is expected to raise \$5 billion in the next two years and to create 320,000 jobs--mostly in construction and related industries. Although the Act did result in a sharp increase in federal highway construction contracts (i.e., the Federal Highway Administration approved \$8.9 billion worth of projects in 1983--a 60 percent increase over the comparable figure for 1982), it appears that few of these funds as of early 1984 had led to actual increases in employment. Capital intensive public works projects are notorious for the long "start-up time" that is required before new employees are needed. In this case, it appears that most of the initial expenditures were spent on the necessary prerequisites to actual construction--engineering and design--and on the highly mechanized field of road maintenance which involved the use of costly equipment and materials but required few new employees.¹³

The second bill put forth in December 1982 was politically less fortunate in the short run but it actually set the stage for the successful legislation that was to be enacted four months later. The proposed bill called for a \$5.4 billion program to create labor intensive public works projects. It passed the House of Representatives only to die for lack of action in the Senate in the waning hours of the 97th Congress.

When the 98th Congress was convened in January 1983, this bill was revived. It became the center of legislative attention with respect to federal efforts to address the problem of prolonged high unemployment and the rapidly increasing number of unemployed workers facing the exhaustion of their unemployment benefits. Subsequently, it was passed and became P.L. 98-8. It is, of course, TVA's participation in this legislation that is the subject of the remainder of this report.

P.L. 98-8 was envisioned to be a form of countercyclical job creation policy. With its \$4.6 billion appropriation, it was designed to provide jobs as quickly as possible to a variety of federal, state, and local government employing bodies. In the debate over the Act, it was referred to as being "phase one" of what was envisioned to be a comprehensive assault on joblessness in the nation. "Phase two," it was believed, would come later and would involve some form of counterstructural job creation program for those workers who were unlikely to be able to find jobs even should the aggregate unemployment rates decline. The workers who would be the primary beneficiaries of such an endeavor would be persons who lacked needed skills, or education, or who had been employed in industries, occupations, or geographic regions that were in secular decline in an increasingly technologically-oriented and internationally competitive economy. To this precise end, the Community Renewal Employment Act passed the House of Representatives in September 1983 by a vote of 246 to 178. The bill called for an appropriation of \$3.5 billion of which 75 percent of the funds were to be used to create jobs for persons unemployed for over fifteen weeks. The work would involve community improvement projects such as school improvements, road repair, conservation of public lands, and delivery of day care, health, and other community services. But as the national unemployment rate began to decline (falling from 10.8 percent in November, 1982 to 7.1 percent in June, 1984), the bill languished in the Senate. Even though the unemployment experiences of many sub groups of the labor force and regions of the nation remain inordinately high, the "phase-two" program has yet to be enacted. Part of the unwillingness of the Senate to act on the proposal has been attributed to the conceptual opposition of President Reagan to this type of proposal in particular and to any on-going reliance upon

federally supported job creation programs in general. Hence, P.L. 98-8 became the mainstay of federal job creation efforts designed to confront the economic recession of the early 1980s.

Chapter III

Program Objectives

When public sector job creation policy was revived in the 1970s after a thirty year respite, exclusive reliance was made upon the state, county, and municipal governments to provide the employment opportunities. In some instances, these governmental bodies did subcontract with various non-profit private organizations to provide jobs. Federal agencies were precluded from direct participation. As noted in the previous chapter, however, an exception to that rule was that TVA served as an employing unit during the CETA era in the rural South--mostly in Tennessee under a sub-contracting arrangement with the state government. As shown in Table 1, however, P.L. 98-8 reversed this earlier pattern. Federal agencies in 1983 became a major source of employment for the jobs that were created under this legislation.

One of the federal agencies singled out to accomplish its programmatic objectives was the Tennessee Valley Authority. Contained in the legislation was the following section:

In order to provide for improved maintenance, renovation, construction and repair of Tennessee Valley Authority facilities, there is appropriated an additional amount of \$40,000,000 to remain available until expended, for the Tennessee Valley Fund.¹

In addition to specifying the level of program support (\$40 million), the key word--as will be discussed later--in this sentence pertaining to program design is the word "facilities."

The National Objectives

In designing P.L. 98-8, Congress set forth several broad goals that are important to any assessment of its accomplishments. In the preamble

Table 1: The Program Content and Aggregate Fund Distribution
of the Emergency Jobs Bill of 1983

TITLE 1 - MEETING OUR DOMESTIC PROBLEMS WITH ESSENTIAL AND
PRODUCTIVE JOBS

AGRICULTURE

Rural water and waste disposal grants:	
Appropriations	\$150,000,000
Federal Housing Administration: Salaries and expenses	6,500,000
Watershed and flood prevention operations:	
Appropriations	107,500,000
Loans	---
Agriculture research service	3,000,000
Special supplemental food program	100,000,000
Food and drug administration	875,000
Surplus food distribution	75,000,000
Resource conservation and development	5,000,000
FHS emergency food administration	---
SUBTOTAL:	\$447,875,000

COMMERCE, JUSTICE, STATE, JUDICIARY

Small Business Administration small business guarantee program (sec. 503):	
Appropriations	2,000,000
Federal prison system	60,000,000
Support of U.S. prisoners	20,000,000
Economic Development Administration	100,000,000
Small Business Administration - New direct loans	50,000,000
Small Business Administration - Natural resources development	50,000,000
SUBTOTAL:	\$282,000,000

ENERGY AND WATER DEVELOPMENT

Corps of Engineers:	
Construction	\$ 85,000,000
Operations and maintenance	164,000,000
Mississippi River and tributaries	140,000,000
Bureau of Reclamation:	
Construction	65,000,000
Operation and maintenance	21,000,000
Loan program	30,000,000
Tennessee Valley Authority	40,000,000
SUBTOTAL:	\$545,000,000

HOUSING AND URBAN DEVELOPMENT - INDEPENDENT AGENCIES

Veteran's Administration Hospital repairs and maintenance	\$ 75,000,000
Federal Emergency Management Administration: Emergency food and shelter	100,000,000
Community Development Block Grant:	
Appropriation	1,000,000,000
Loan guarantee authority	---
Expedite emergency mortgage assistance	---
SUBTOTAL:	\$1,175,000,000

INTERIOR

Forest Service:	
Reforestation	\$ 60,000,000
General	25,000,000
National Park Service:	
Construction	25,000,000
Historic preservation fund	25,000,000
Land and water conservation fund, state assistance	40,000,000
Repairing urban parks	40,000,000
Indians:	
Indian health service	39,000,000
Indian housing	30,000,000
Indian facility construction	64,450,000

Table 1: The Program Content and Aggregate Fund Distribution
of the Emergency Jobs Bill of 1983 (continued)

INTERIOR (CONTINUED)	
Indians: (continued)	
Bureau of Indian Affairs	20,000,000
Fish and wildlife facilities	20,000,000
Low-income weatherization (Department of Energy)	100,000,000
Schools & hospitals weatherization (Department of Energy)	50,000,000
SUBTOTAL:	\$538,450,000
LABOR, HEALTH AND HUMAN SERVICES, EDUCATION	
Dislocated workers	\$ 85,000,000
Job corps	32,400,000
Job search assistance (state employment)	---
Social services block grant	225,000,000
Community services block grant	25,000,000
Community services employment for older Americans	37,500,000
College work-study	50,000,000
Removal of architectural barriers in schools	40,000,000
Rehabilitation services and handicapped research in industry	5,300,000
Impact aid construction (schools)	60,000,000
Library construction	50,000,000
Centers for Disease Control	15,560,000
Summer youth employment and training	100,000,000
Community and home health service	70,000,000
Maternal and child health	105,000,000
Alcohol, drug abuse and mental health	30,000,000
Railroad Retirement Board:	
Payments to the railroad unemployment insurance account	125,000,000
Payments to the railroad unemployment administration account	750,000
SUBTOTAL:	\$1,056,210,000
MILITARY CONSTRUCTION	
Family housing	\$179,642,000
TRANSPORTATION	
Northeast corridor improvement	---
AMTRAK:	
Maintenance of way	---
Capital improvements	\$ 80,000,000
Highway demonstration projects	33,000,000
Mass transit grants	132,650,000
SUBTOTAL:	\$245,650,000
TREASURY - POSTAL SERVICES	
General Services Administration: Building fund	\$125,000,000
United States Customs Service, operation and maintenance	3,750,000
SUBTOTAL:	\$128,750,000
TOTAL, TITLE I	\$4,598,577,000

Source: Public Law 98 (1983)

BEST COPY AVAILABLE

of the Act, the rationale for the appropriation of the funds was stated:

...to provide productive employment for hundreds of thousands of jobless Americans [and] to hasten or initiate Federal projects and construction of lasting value to the Nation and its citizens....²

The only specific directive concerning participant eligibility was the following provision:

The head of each Federal agency to which funds as appropriated or otherwise made available under this title...shall to the extent practicable utilize such funds in a manner which maximizes immediate creation of new employment opportunities to individuals who were unemployed at least fifteen of the twenty-six weeks immediately preceding the date of enactment of this Act.³

The only other operational directive contained in the legislation was the statement that:

It is the intent of Congress that funds appropriated or otherwise made available under this title be obligated and disbursed as rapidly as possible so as to quickly assist the unemployed and the needy as well as to minimize future budgetary outlays.⁴

Thus, the program goals as specified by Congress were to serve the long term unemployed and to do so as quickly as possible.

As P.L. 98-8 represents a form of countercyclical job creation policy, the presumption is that the participants would be those unemployed persons who had previously demonstrated a commitment to the labor force and who already possessed a history of work experience. Countercyclical programs are designed to create jobs for people who are unemployed because of a lack of demand for their services and who, presumably, will have little difficulty finding employment once the economy rebounds. It is not the intention of such programs

to provide work experience for those who are generally unqualified to find jobs even in a robust economy.

Thus, given the extensive latitude provided by P.L. 98-8, TVA officials sought to design a program that responded to its regional needs while still complying with the general national goals.

Unemployment in the TVA Service Area

The TVA service area is comprised of 201 counties in seven southern states. The states include all of Tennessee and parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina, and Virginia. To be in the TVA service area in these states, a county must be either one of the 125 counties included in the TVA watershed or one of the 170 counties that use TVA generated electric power. Overwhelmingly, most of these counties are rural.

For most of the 1970s, the unemployment rates in the TVA service area were below the prevailing national unemployment rates of the era. But, as shown in Table 2, beginning with the third calendar quarter of 1979 the unemployment rates in the TVA service area began to exceed the national unemployment rates and they have continued to do so ever since. Thus, the deterioration of employment opportunities within this region began before the recession of the early 1980s but the recession greatly exacerbated this unemployment trend. Moreover, it is well documented in the literature on southern rural labor markets that the official unemployment measures seriously understate the actual unemployment conditions.⁵ The knowledge that there are a very limited number of jobs available even in the best of times often leads

Table 2. Comparison of Quarterly Unemployment Rates of the United States and of the 201 Counties That Comprise the TVA Service Area in Seven States, 1973-83

Year	Calendar Quarter	United States Unemployment Rate (Seasonally Adjusted)	United States Unemployment Rate (Not Seasonally Adjusted)	TVA Service Area Unemployment Rate (Not Seasonally Adjusted)
1973	I	5.0	5.0	4.2
	II	4.9	4.9	3.7
	III	4.8	4.8	4.1
	IV	4.8	4.8	4.0
1974	I	5.2	5.1	4.9
	II	5.1	5.2	4.3
	III	5.5	5.6	5.2
	IV	6.5	6.6	6.4
1975	I	8.4	8.2	9.4
	II	8.9	8.9	9.1
	III	8.4	8.5	8.6
	IV	8.4	8.3	8.1
1976	I	7.6	7.7	7.2
	II	7.4	7.6	6.6
	III	7.8	7.7	5.7
	IV	7.9	7.8	6.1
1977	I	7.4	7.5	6.8
	II	7.0	7.1	5.4
	III	7.0	6.9	5.1
	IV	6.7	6.6	5.1
1978	I	6.2	6.3	6.8
	II	6.0	6.0	5.2
	III	6.0	6.0	5.9
	IV	5.8	5.9	5.7
1979	I	5.7	5.9	6.7
	II	5.7	5.7	5.4
	III	5.8	5.8	6.1
	IV	5.9	6.0	6.2
1980	I	6.1	6.3	7.3
	II	7.5	7.3	7.7
	III	7.6	7.6	8.3
	IV	7.5	7.5	7.5
1981	I	7.3	7.4	9.2
	II	7.4	7.4	8.1
	III	7.2	7.4	8.2
	IV	8.4	8.3	9.6
1982	I	8.8	8.8	12.6
	II	9.5	9.5	11.2
	III	9.9	9.9	11.8
	IV	10.7	10.7	12.5
1983	I	10.4	11.2	13.8
	II	10.1	10.0	11.6
	III	9.4	9.1	10.5
	IV	8.5	8.3	10.0
1984	I	7.9	N.A.	N.A.

N.A. = Not Available

Note: The data for the TVA Service Area are only available on a seasonally unadjusted basis. Hence, the comparable unadjusted data for the United States is presented in column 2.

Source: Office of Chief Economist, Tennessee Valley Authority

to extensive withdrawal from job seeking efforts when unemployment increases. Hence, the phenomena of discouraged workers and underemployment are far more common in southern rural labor markets than is the case in urban labor markets of the nation.⁶

When the recession began in 1981, unemployment in the TVA service area soared. In fact, the data in Table 2 show that the TVA service area was "harder hit" by the recession than was the national economy. It is also less likely that the recovery from the recession will be as rapid in this region as that of the nation as a whole. TVA economists attribute the explanation for the long term deterioration of employment opportunities in the region to three major factors.⁷

The first of these considerations is that the industrial base of the region is dominated by older and more mature industries as opposed to the emerging high-tech growth industries located in other regions. Among these older industries are construction materials, auto assembly (e.g., the Ford Motor Company closed a major assembly plant in northern Alabama), textiles, and durable goods (e.g., Alcoa contracted significantly the size its aluminum production operations in the region). These industries were disproportionately depressed by the tight money and high interest rates (nominal and real) that prevailed throughout 1982 and 1983.

Secondly, a disproportionate share of the large manufacturing enterprises served by TVA produce products that directly compete with foreign imports. The sales of these firms have been severely weakened by the overvalued U.S. dollar (which benefits nations importing to the U.S.) of the early 1980s.

Thirdly, the TVA region did not significantly benefit from the major economic stimulation policy implemented at the federal level under the Omnibus Budget Reconciliation Act of 1981. This legislation contained the principle elements of the Reagan Administration's economic agenda for the nation. The legislation consisted of three major components--federal tax cuts, an increase in defense expenditures, and sharp reductions in non-defense expenditures. The federal tax cuts were proportional to income. Hence, as "there are proportionately more people in lower income brackets and fewer people with higher incomes in the Valley than in the nation, the Valley received substantially less economic stimulus from the tax cut than did wealthier parts of the country".⁸ In addition, on the expenditure side of the federal program the TVA service area does not contain any defense industries of substantial size that would benefit from the build-up in the nation's defense capabilities. The defense build-up was paralleled by a sharp reduction in non-defense federal expenditures (especially in human service programs). The TVA service area, however, which disproportionately benefitted in the past by the proceeds of these social programs (because of its relatively higher incidence of poverty and related human needs) was disproportionately hurt by these reductions. Hence, regional income levels were seriously affected by these cut-backs. On balance, it was estimated that the TVA service area received a net impact of only 17 percent of the total economic stimulation that was received by the nation as a whole in 1982 from this package of tax cuts and expenditure shifts.⁹ Indeed, one of the states in the TVA service area--Mississippi--was actually negatively affected by the combined aspects of this fiscal program. As a consequence of these developments, it was perceived by TVA economists that the region was in the midst of an "economic

coma" at the time that P.L. 98-8 was passed. It was hoped by TVA officials that this direct job creation program could provide the kind of help needed to offset some of these adverse conditions and that it might help ignite a recovery.

In addition to the regional factors that contributed to the escalation of unemployment in the early 1980s, TVA itself contributed to the problem. In 1981, TVA began a major reduction in its nuclear power construction program. TVA had launched an aggressive nuclear power program during the energy crisis years of the 1970s. As can be seen from Table 3, year-end employment levels rose dramatically from 23,446 in 1973 to 51,709 at end of fiscal year 1980. In fact, the peak daily employment level for the entire history of TVA was reached on November 30, 1980 when 53,248 employees were on its payroll. Soon afterward, however, TVA announced that it was suspending construction on three large nuclear power plants (those at Hartsville, Tennessee; Phipps Bend, Tennessee; and Yellow Creek, Mississippi). These work deferrals, combined with other mandated contractions in total federal employment associated with the aforementioned federal budget-cutting program for fiscal year 1982, meant that TVA was forced to layoff a significant number of employees in 1982 and 1983. In fact, of all federal agencies, TVA had the second largest percentage reduction (-27.3%) of federal employees between January 1, 1981 and September 30, 1983 (the highest percentage reduction was by the Department of Education, -28.0%).¹⁰ Hence, TVA officials were very concerned that they were forced to layoff thousands of workers at the very time that the nation and the region were in the midst of the worst recession since the 1930s. As of the date that P.L. 98-8 was enacted,

Table 3. Number of Employees of the Tennessee Valley Authority,
Year-End Figures for Fiscal Years 1933-83 and February
29, 1984

28

<u>Year</u>	<u>Employment Level</u>
1933	201
1934	9,173
1935	16,457
1936	14,065
1937	13,766
1938	12,791
1939	11,873
1940	13,942
1941	22,506
1942	39,579
1943	28,421
1944	21,025
1945	12,348
1946	11,169
1947	14,258
1948	15,223
1949	13,174
1950	13,923
1951	18,930
1952	21,300
1953	22,406
1954	23,933
1955	19,854
1956	14,768
1957	15,651
1958	16,056
1959	14,768
1960	14,993
1961	17,134
1962	18,660
1963	18,075
1964	17,353
1965	16,469
1966	17,619
1967	18,508
1968	19,717
1969	19,493
1970	22,244
1971	25,829
1972	25,415
1973	23,446
1974	25,073
1975	28,242
1976	32,140
1977	37,947
1978	47,154
1979	49,941
1980	51,709
1981	50,094
1982	39,899
1983	34,830
1984 (as of February 29)	34,150

there were 7,500 former TVA employees who were collecting unemployment benefits that were chargeable to TVA's unemployment experience accounts. Thus, it was perceived that this program could provide the opportunity to rehire some of these former employees and, in the process, claims by these former employees for unemployment benefits (which influence TVA's experience rating and, therefore, the payroll tax charged to TVA) could also be reduced.

Additional TVA Interests in P.L. 98-8.

Aside from the aforementioned factors -- the eroding employment base, the adverse regional impact of the national fiscal program, and TVA's own employment contraction during the recession -- that were occurring in the early 1980s, there were additional factors that influenced TVA's participation in the program. One of these was the fact that P.L. 98-8 afforded TVA the opportunity to improve, expand, and maintain its capital assets. The design latitude provided by the legislation was immediately recognized by TVA officials as allowing them to undertake precisely the types of work projects that they felt needed to be done. There would be no necessity to make-up new types of work. Given the fiscal austerity of the times, the program was perceived as providing a rare opportunity to hire unemployed but experienced workers while, at the same time, accomplishing a backlog of projects for which the agency had been as yet unable to finance. Thus, in sharp contrast to the job creation program in which TVA was involved during the CETA era of the 1970s, there would be no requirement to create unique work projects or

to provide training for the participants in this program. Special endeavors of this nature could be included but they were not mandated.

The other consideration pertained to one of the philosophical bases for TVA's actual existence. Namely, TVA officials wished to demonstrate that the present-day leadership of the agency was as capable of administering successfully a job creation program as had the earlier officials of the agency in the 1930s when TVA was created. As 1983 was the 50th anniversary of the founding of the agency, there was a positive psychological attitude at all levels of program administration that was supportive of the opportunity provided by P.L. 98-8 to demonstrate that TVA could respond quickly to the employment needs of the region if it had the chance. As one TVA official succinctly said:

The TVA staff sees this jobs program as an emergency program. We want to prove that we are a "can do" agency. We see it as an opportunity to revive the spirit that permeated TVA when it was founded during the depression. We see it as a carryover of the original spirit of the original employees of the organization by the present-day employees. The challenge is to see if this old agency is up to the mission for which it was originally founded.

Chapter IV

The Choice of Work Projects

The General Criteria

Before any of the long term unemployed persons actually could be provided with jobs, the choice of the type of work to be emphasized, the specific projects to be undertaken, and the location of projects had to be determined. When it appeared likely in early 1983 that the bill would pass but still weeks before it was actually signed into law, TVA officials began the process that would answer these questions.

As will be shown, TVA elected to place primary attention upon funding labor intensive projects that had previously been requested by its various operational divisions only to be deferred for lack of available funds. These undertakings were all, of course, designed to maintain, renovate construct, or repair the "facilities" of TVA as required by the statute. While deferred undertakings became the primary thrust of the program, it was also possible for TVA to include an expansion of the endless-but absolutely essential work--of cleaning up debris throughout its vast land, reservoir, and water system. This type of daily maintenance work is less visible in its tangible results which means that it is often underfunded. Yet, the inability to keep up with the magnitude of this type of work not only can cause navigational and safety dangers to marine activity throughout its system but it can also cause harm to the water in-take systems of its hydroelectric generators. Likewise, enhanced litter collection and maintenance repair in camp sites, park areas and along roadsides can improve eyesores as well as reduce health and safety dangers to visitors and users of TVA's land recreational areas.

Thus, the explicit selection of the work projects had direct impacts on the skill levels of the workers who ultimately could be hired. By focusing funds upon the types of regular construction activities in which TVA is normally engaged, TVA could rehire a number of its former skilled construction employees who were among the unemployed. By also deciding to include some step-up in its clean-up activities, it would also be possible to provide many unskilled laborer jobs as well.

Lastly, as a general consideration, it was understood by the program designers that it would be politically wise to have at least some portion of the expenditures under the program be made in each of the seven states that comprise its service area. Like it or not, TVA was created by Congress and it is dependent upon Congress for annual appropriations to cover most of its non-power activities. Hence, long experience with many of its publicly funded activities have shown the necessity to be sensitive to the needs of all of these states whenever it is feasible to do so.

The Level and Use of Funds

Before discussing the projects supported by P.L. 98-8, it is necessary to place this program into proper context relative to TVA's normal activities. Excluding Jobs Bill funds, TVA received approximately \$125 million in 1983 that was appropriated by Congress for the conduct of its non-power related programs and services. TVA also receives a variable amount of annual funds from various users of its services--such as camping fees, park concession operator fees, and from cooperators in its demonstration and introduction programs for new fertilizers and fertilizer technologies that are retained in its general purpose funds. In addition, of course, it received about \$4.6 billion in 1983 from the sale of electric power to public and private enterprises in 170 counties in the region.

The TVA power program is required to be self-supporting. Any work done for the power program must be paid for by power funds and may not be supported by any appropriated funds. Therefore, it was clear that it would have made no sense to use P.L. 98-8 funds to enhance power-related facilities since any such funds would have to be repaid on a dollar-for-dollar basis. Accordingly, the work projects were restricted to non-power related facilities for which TVA is usually beholden to Congress to fund. In some instances, however, the same TVA facilities serve both power and non-power purposes. Most reservoirs, for instance, are used to store water for power generation as well as for flood control and navigation purposes. It was determined that, in those cases where there were joint benefits from the undertaking of the jobs program, the power program would reimburse the non-power program on a pro-rata formula basis for any benefits that it received. As a consequence, after the specific projects were decided, the TVA power program was required to contribute over \$1.2 million dollars for its share of benefits received from the job creation program. This additional amount, called the "power supplement", was added to the total amount of funds that were available to be expended by TVA for job creation activities. Thus, the total amount of funds available for allocation was \$41.2 million.

The Selection of the Specific Projects

When it appeared likely that P.L. 98-8 would pass and be signed by the President, TVA began the process of soliciting proposals for job projects from its five operational offices. These anticipatory steps were taken before the bill actually became law. It was a TVA objective to be "up and ready" to begin hiring unemployed workers as quickly as it was both legally permissible and administratively possible to do so. Indeed, the first worker was employed within 11 days (on April 4, 1983) of the signing of the law and 89 percent of the available funds were allocated to specific projects within the

first month of the law's existence; 96 percent was committed before the end of two months.

To accomplish this planning feat, TVA staff officials instructed the organizational branches that only those projects that had been previously submitted in the normal budget procedures (but which had been unfunded at that time) would be considered for inclusion in this program. This general policy was designed to assure that there would be "no make-work projects." The belief was that, if the project had been requested before there was any awareness that TVA's budget would be significantly increased by P.L. 98-8, it was likely that the project was not a frill. In other words, the projects that were included were undertakings that would eventually have to be done in any event. All that P.L. 98-8 would do would be to alter their timing.

In response, the staff received a list of work projects that, when totalled, equalled over \$90 million. As this amount was more than twice the sum available, it was necessary for the staff to impose a set of specific priorities. The chosen priorities were the labor intensity of the proposal; the geographical location (i.e., was it in an area of high unemployment and/or was it in an area where TVA layoffs had been extensive in the past two years); and the expected benefit to TVA and the region that would result from the completion of the project. Having weighed each proposal it received against these criteria, the staff added another rule for those construction projects that would be on the first priority list. It was the likelihood that the project could be initiated within 90 days of its authorization. The "90 day rule" was not a mandatory consideration for all approved projects. But it was used in the screening process because TVA officials took seriously the legislative language that called for speedy implementation. Those projects

that would take longer than 90 days to initiate were removed from the first round of proposal reviews. A few, however, were subsequently added on the second round. Also, the rule did not apply to some of the clean-up work since shoreline work is generally done during the Fall months when the lake levels are low.

It was also decided during the planning period that about 80 percent of the construction work would be done by TVA itself and the remainder would be contracted-out to private businesses. TVA has its own construction divisions that traditionally handle most major construction activities. By relying upon its own internal organizations, the designers of the jobs program also felt that TVA would be better able to assure that the participant eligibility standards for the program (to be discussed in the next chapter) were met.

Over the years, TVA has frequently found itself in the situation where it has had to hire a large number of workers in a short period of time. TVA planners were, therefore, confident that the organization itself could administer and be responsible for the direct operation of most of the program using its established structure and procedures. By so doing, it was also the case that overhead costs would also be minimized. Thus, the vast majority of the jobs created under P.L. 98-8 were filled by persons hired directly by TVA. Technically, however, these persons were not regular TVA employees. Instead they hired temporary workers who were employed under personal service contracts with fixed expiration dates.

As for the remaining 20 percent of the estimated jobs to be created, they were to be hired as the result of contracts that TVA would let to private contractors. The contracted-out work primarily consisted of projects that involved small scale road repair and paving on TVA facilities in areas that were remote from TVA employment concentrations. There were several reasons for the decision

to contract out part of the work. First, as indicated earlier, it was one of TVAs objectives to attempt to spread the benefits of the program geographically to the extent that such a policy was economically feasible. Secondly, if some of the more remote areas within TVAs vast service area were to be included, it was recognized that it would be often far cheaper to rely upon local contractors to handle small paving and road repair projects in lieu of moving regular TVA crews and equipment to these distant work sites. It was feared by program administrators, however, that using private contractors would make it very difficult to monitor participant eligibility standards.

Once these program design decisions were made, it was possible to make the specific project determinations and to allocate the appropriate sums. Each of the TVA organizations that sought to participate in the program was requested to submit a description of the work to be done; a specific date when it believed the work could begin; the approximate number of jobs to be created; and a fixed budget that itemized the amount of money it sought to cover the costs of its proposal. It was made clear to each of the organizations that they would be required to absorb within their regular budgets all excess costs above the amount they requested should their estimate prove to be too low. A small contingency of about \$2.6 million was held back from the initial allocations to meet any unforeseen costs. This amount was re-programmed later in the year into subsequent allocations.

A listing of the 35 specific projects funded by TVA under P.L. 98-8, a brief description of their content, the amount of funds allocated to each, and their approximate geographic location are contained in Table 7 of the Appendix. Table 4 indicates the geographic distribution of the

Table 4: Dollar Allocations by TVA to Finance
Job Creation Projects Under P.L. 98-8,
by State, June 30, 1984

<u>State</u>	<u>Allocations</u>
Alabama	\$13,489,000
Georgia	772,000
Kentucky	2,791,000
Mississippi	2,719,000
North Carolina	694,000
Tennessee	20,638,000
Virginia	125,000
Total	\$41,223,000*

* This amount includes \$1,228,000 added as a result of the "power supplement" discussed in the text of this chapter.

Source: Tennessee Valley Authority

allocation of funds under P.L. 98-8. It is not necessary to comment on all thirty-five projects but brief mention of the three projects that received the largest amount of funds might be instructive. These three projects received about half of the funds that were provided by P.L. 98-8.

By far the largest of the undertakings was the work performed in the Land-Between-the Lakes (LBL). TVA manages LBL as a demonstration of multi-purpose management of forest, wildlife, outdoor recreation, and environmental education. Recreational and educational opportunities are provided to over 2 million visitors annually. LBL is a 170,000 acre wooded peninsula located in southwestern Kentucky and northwestern Tennessee. It is between Kentucky Lake (built by TVA) and Lake Barkley (a U.S. Corps of Engineers project). The peninsula is roughly 8 miles wide, 40 miles long, 85 percent wooded and has 300 miles of shoreline. The work done by P.L. 98-8 in the LBL area involved upgrading roads, replacing old and inadequate bridges, enlarging and restoring campsite areas, the rehabilitation of water and sewer systems in the camping areas, the construction of a small park information center, the building of entry control stations at the entrances, the expansion of the fire fighting system, the installation and replacement of directional signs throughout the park area, and the completion of other deferred maintenance activities. In total, these projects accounted for over a quarter of all the funds provided by P.L. 98-8. It is also worthy of note that the Tennessee county that comprises part of LBL had an unemployment rate of 43.4 percent at the time that this job creation program was launched.

The second largest activity funded by P.L. 98-8 involved the demolition of obsolete and abandoned facilities at TVA's National Fertilizer Development Center at Muscle Shoals, Alabama. Some of these nitrate, phosphorus, and ammonia production facilities dated back to 1918. All had been out

of service for many years. In addition to removing eyesores, these aging and unused buildings as well as an underground ferrophosphorus storage deposit site presented hazzardous working conditions for TVA employees working in adjacent areas to these facilities. This project had the distinct advantage of being able to be started almost at once and, indeed, the work did begin eleven days after P.L. 98-8 was signed into law. It was also the case that the Muscle Shoals area was hard hit by the recession and by the deferral of TVA's nuclear power project at nearby Yellow Creek on the Alabama and Mississippi border where over 2,500 workers had been laid off the year before. The unemployment rate in Lauderdale County, Alabama (which includes Muscle Shoals) was 19.8 percent and in adjacent Tishomingo County, Mississippi it was 14.8 in January 1983. In addition to the demolition work at Muscle Shoals, an extensive deferred maintenance program was also initiated involving repairs to the sewer system, the upgrading of railroad tracks, road repairs, improvement in the capacity of a fly ash settling pond, and the renovation of buildings.

The third large scale project involved the constrcution of buildings for custom training of local workers to be employed in new industries that had located in four communities in northern Alabama (at Boaz, Hanceville, Muscle Shoals, and Rainsville) and a similar type of facility in Nashville, Tennessee. In each of these cases, TVA built the training facilities. In the case of the Alabama training programs (but not the Nashville project), TVA agreed to cover some of the start-up operational costs. Upon completion, the facilities were taken over by local community colleges in Alabama and by Tennessee State University in Nashville. While these training centers are not TVA facilities in a literal sense, these projects were undertaken in

response to the legislative language in hearings held on the jobs bill in the House of Representatives. It stressed the need for training unemployed persons in order to provide them with skills that would increase their employability.

Reallocations

As projects were completed, it was recognized that in some instances the work has been done under the original cost estimates. Hence, the Board of Directors of TVA empowered the staff administrator in early 1984 to reallocate funds at his own discretion up to \$20,000 from any completed project to any other already approved project. This was done to assure that these funds could be used elsewhere to provide needed jobs rather than remain idle. Should the unused funds from any project exceed \$20,000, action by the Board would be required either to reallocate funds to expand on-going projects or to specify new projects to be funded.

Chapter V

Employment Objectives and Participant Eligibility

Aside from choosing the specific work to be accomplished, the TVA staff also had to make decisions on the employment objectives of the program. Who would be eligible to participate and how would they be selected? The only applicable legislative requirement was that the heads of federal agencies were to use the funds "to maximize immediate creation of new employment opportunities to individuals who were unemployed fifteen of the twenty-six weeks immediately preceding the date of enactment of this Act" (i.e., March 24, 1983). Otherwise, TVA was free to impose its own participant eligibility criteria.

Accordingly, TVA adopted seven program features that, collectively, shaped the character of the resulting program effort. Each deserves individual mention and discussion.

Equal Employment Opportunity

Since most of the work would involve construction, it would require special efforts if unemployed women were to be given an adequate chance to be included. Likewise, because most of TVA's facilities are located in rural counties and many have small minority populations (especially those in Kentucky and Tennessee), affirmative efforts were required if unemployed minority workers were to benefit. Hence, the need for a comprehensive equal employment opportunity program was recognized from the earliest planning stages. A four-pronged program was originally envisioned--most of which was subsequently implemented.

The first aspect of the program was the decision to set hiring goals for all of those persons directly hired by TVA. On the surface this would not appear to be different from normal affirmative action policies pursued by most large public and private enterprises. Yet the program that was adopted for minority workers was unique for TVA and, probably, for most other jobs bill programs as well. Because of the fact that TVA facilities are largely located in rural areas where minority workers are often sparse, a formula was devised that related the number of minority unemployed in each county to the total number of unemployed persons (minority plus majority) to determine the hiring goals rather than relying only on the percentage of each county's population that was from a minority group. Although the targets were originally calculated for all counties, many counties do not have TVA facilities located within their boundaries and, of course, not all of the facilities of TVA were included in the jobs program. Hence, the goals had to be reset to reflect only those counties that actually had projects. Where projects served more than one county, the data for these counties were pooled to obtain a single target. The effective result of the goal-setting process was that each project had its own minority employment goal. The monitoring of performance was done at the project level. The aggregate minority employment goal was 16.2 percent for all of the persons directly hired by TVA.

Unlike the distribution of the minority population in TVA's service area, women were assumed to be about equally distributed across the region. Therefore, TVA used the national goal for participation of women that was set by the Office of Federal Contract Compliance of the U.S. Department of Labor. TVA did not develop individual project goals for women. The overall goal was 7 percent.

The second phase of the program consisted of a decision to apply the same hiring formulas used by TVA for its direct hires to all of the workers hired by the private firms that performed the work that was contracted-out. Contained in their contracts were provisions that required the private contractors to pursue affirmative action policies and to strive to meet these hiring goals. Each contractor was required to keep records of the employee characteristics for possible review by TVA officials.

The third phase was a suggestion that specific percentage of the contracts to be awarded to private contractors be "set aside" for minority contractors. It was felt that many minority enterprises are so small in size that they cannot effectively compete with large corporations in the competitive bidding process for federal contracts. Although TVA did not have a practice of "set asides" for minority enterprises, there was a TVA precedent for the principle of "set asides". Specifically, TVA adopted a small coal operators assistance program in August, 1979. In prior years, when TVA sought to purchase coal for its coal-fired electric plants, the size of the individual contracts was often so large that only large scale coal operators could provide the specified amount. The small coal operators often had to sell to a middleman who could, in turn, accumulate enough supply from a number of these small operators to meet the specified amount in the TVA contract. The result was that the middleman sought to extract very low prices from the small operators in order both to compete with the bids of the large operators and to make a margin of profit for his efforts. This practice led to criticism from the small operators and ill-will in the region by people who felt that TVA favored only big business enterprises. Hence, a small coal operator assistance

program was enacted by TVA in 1979 which allows small operators to sell a given quantity of coal direct to TVA at higher prices than the operators could receive through coal brokerage firms. Ostensibly, the higher price is paid in lieu of any need to compensate a middleman. Studies by TVA of the program have shown that TVA does not pay more per ton of coal purchased under this program than under its normal bidding procedures.

The fourth dimension was a decision to include in the jobs program a grant to the Tennessee Valley Center (TVC) for the renovation and restoration of two historic buildings located in the original center of the black community in Memphis, Tennessee. The county that includes Memphis is within the TVA service area because it uses TVA electric power and it is the site of TVA's Allen Steam Plant as well as a major substation. The city has a large black population but TVA does not have any facilities that have been built by congressionally appropriated funds located within its boundaries. TVC is a regional economic development organization that was created in 1978 as a demonstration to promote minority entrepreneurial ability. TVA was instrumental in its establishment as a part of TVA's broad commitment to assist in the development of minority enterprises and the provision of employment for minorities throughout the Valley area. TVA made a financial commitment to TVC of one-half million dollars a year for five years. After this period (i.e., in 1984), TVC is to become self-sufficient. TVA does not control TVC and TVA has divested itself from any legal responsibility for what TVC does. The five year grant of funds was paid into a trust fund from which TVC was free to draw. Theoretically, TVC has the responsibility of assisting minority enterprises throughout the Valley region but, to date, its activities have been concentrated in Memphis and northern Mississippi where the black population in TVA's service area is concentrated.

Thus, with respect to the jobs program, a liberal interpretation of the term "facilities" was made. TVC was defined as being a TVA "facility" since TVA had, in fact, made possible the existence of the organization. Thus, one of the approved projects of the jobs program was an additional grant of \$800,000 to TVC to renovate these buildings. When they are completed, TVC plans to set up its own offices in part of one of the buildings and "shopstead" the remainder to minority businesses. These new businesses will be able to lease space initially for only a nominal sum until they are established. Afterwards, the intention is that the rents from these leases will provide a revenue source to TVC that will assist it to become a self-sufficient entity. Also, it was understood that the renovation work would be done by a minority contractor which would provide jobs for minority workers. Other than supplying the grant, TVA was not directly involved in the hiring process or the work performance.

Thus, when viewed as a whole, the equal employment opportunity component of the jobs program was comprehensive in scope and an integral feature of TVA's program design.

The Re-employment of Former TVA Employees Who Were Unemployment Insurance Claimants

As indicated earlier, TVA was very sensitive to the fact that it had been forced to layoff several thousand employees during the period of the worst national recession since the 1930s. Many of these former employees had been unable to find jobs in the depressed local economy and many faced the exhaustion of their eligibility for unemployment benefits. Accordingly,

from the outset, TVA planners sought to design a program that would afford an opportunity to rehire many of those persons whose services TVA had been forced to terminate so abruptly over the preceding two years. To accomplish this objective, it would be necessary to target the placement of the job projects in some of the areas where the previous layoffs had occurred. It was to be understood, however, that those persons rehired would be considered as temporary workers and that they were not being rehired as permanent employees.

Geographic Limitation on Participation

TVA planners believed that, if the jobs program was to have a demonstrative impact, it would be necessary to concentrate its resources. Hence, in determining eligibility, it was decided that those persons hired on each project should live within a reasonable commuting distance of the work site for which jobs program funds were being used. This distance was arbitrarily set at a 50 mile radius of the job site.

Reliance Upon Union Hiring Halls for Worker Referrals

From the beginning of the planning process, it was decided that TVA would rely upon its standard hiring procedures to employ the persons that would work under the jobs program. As the bulk of the work would involve construction and construction-related work, this meant that TVA would rely largely upon union hiring halls to provide those workers who would be employed. Thus, understanding the role of the unions in the program is central to any effort to assess the operation TVA's participation in P.L. 98-8.

Under the terms of the Tennessee Valley Authority Act of 1933, the employees of TVA are exempt from the provisions of the federal civil service system. Since they are considered to be federal government employees, however,

they are also exempt from the terms of the National Labor Relations Act. The TVA Act empowered the Board of Directors to determine the personnel and labor relations policy for the agency. TVA, therefore, is under no statutory duty to bargain with trade unions but its Board has elected to do so. As federal employees, however, TVA employees are not permitted to strike. On those occasions when the bargaining process is unable to reach a mutually satisfactory agreement, the TVA Act specifies that appeals over wage rates can be made directly to the Secretary of Labor for final resolution.

Under the terms of the General Agreement negotiated between TVA and the Tennessee Valley Trades and Labor Council in August 1940, it was agreed as follows:

Membership in unions party to this agreement is advantageous to employees and to management, and employees are accordingly encouraged to become and remain members of the appropriate unions. Such membership is a positive factor in appraising relative merits and efficiency. Accordingly, within the limits permitted by applicable laws and Federal regulations, qualified union members are selected and retained in preference to qualified nonunion applicants or employees.¹

In negotiating this portion of the basic agreement, the TVA Board of Directors concluded that this labor relations policy offered definite advantages to TVA. Because of many of its facilities are located in rural areas of the South, TVA has at times experienced shortages of skilled workers for its major construction projects. The existence of this agreement was viewed as one way to assure the availability of trained workers who had proven that they were skilled in their respective trades. It was also felt by the Board that the creation of a centralized bargaining agreement that would apply common work rules and wages throughout the entire TVA system would promote both employee harmony and efficiency. Accordingly, by including a union preference clause in the agreement, the "free rider" problem whereby some workers receive the benefits of the union contract but do not pay dues to the collective bargaining agent could be avoided.

The legality of TVA's union preference policy was upheld in a court ruling in 1982. This case was obviously decided before the jobs program entered the picture. The case involved a charge by a carpenter who, because he claimed he could not financially afford to rejoin his former union, was denied the right to be employed by TVA because he did not belong to the union and because union members were available. The federal district court held that, while it sympathized with the plight of the worker, it was not appropriate for the court to challenge the efficacy of TVA's exclusionary policy. As Congress had delegated the authority to TVA's Board to determine its appropriate labor relations policies, the Court ruled it should not second-guess the wisdom of the resulting action. In essence, the ruling stated that the hiring policy may not be fair, but it was legal.

Thus, while TVA does not require union membership, it does give preference to union members in both hiring and retention decisions if they are available. In the case of construction workers, TVA contacts the local hiring halls of the respective trade unions when it needs additional workers. If the local union hiring halls cannot supply the workers who are needed within three days of being requested to do so, TVA can go to its own employment register of self-submitted applicants to find the workers it needs. If non-union workers are hired, they will not be laid off should, at a later date, union members become available.

It was in this context, therefore, that TVA officials contacted the union leadership of the Tennessee Valley Trades and Labor Council during the planning period. From that meeting in Nashville, the TVA officials received both a pledge of strong support (because most of the beneficiaries would be unemployed members of these same unions) and several major concessions that were designed to enhance the effectiveness of the program. Among these

concessions from the prevailing bargaining agreement was the creation of a new sub-laborer job classification (to be discussed in the next section of this chapter) and an agreement that reverse seniority would govern the layoffs procedures for workers employed on jobs bill projects. The layoff policy was designed to spread the employment opportunities made possible under this program as equitably as possible. It meant that those workers who were hired first, would be the first to be laid off when it became necessary to phase-down and eventually phase-out the available work. It was felt that this policy would give those workers hired later-on a fairer chance to benefit from this special program than if the normal last hired, first laid-off principle was applied.

Technically, the workers hired under the jobs program were not regular employees as defined by the prevailing collective bargaining contract and, therefore, they were not covered by the agreement. This is because, as discussed earlier, jobs program workers were hired as temporary employees under individual personal services contracts. In fact, however, this coverage distinction was never drawn. Even though these workers were not entitled to file grievances, it was understood that TVA would work informally with the international representatives of the unions to settle any complaints or conflicts that might arise.

The Creation of a New Job Classification

Because of the vast size and multiple purposes of the TVA system as well as the extensive public utilization of many of its facilities, TVA has an almost infinite demand for clean-up, clearance and up-keep work of its waterways, shorelines, roads, buildings, and public-use areas. Thus, it

was recognized that P.L. 98-8 afforded the opportunity to include some labor intensive projects to meet these unceasing needs. This type of work, while it is essential, is less glamorous and, as a result, it is frequently underfunded by Congress. Moreover, the planners saw the opportunity that this type of work offered for the creation of some jobs for the vast number of unskilled workers who were unemployed in the region. They also believed that the available funds could be stretched to provide more jobs for more unskilled workers if a wage concession could be obtained from the Tennessee Valley Trades and Labor Council.

TVA workers are not covered by the Davis-Bacon Act of 1931 that requires that the prevailing wage be paid on federally supported construction projects. The TVA Act of 1933, however, does contain essentially the same legislative language.¹ It requires that TVA pay the prevailing rate of wages for work of a similar nature to that which is performed in the same vicinity. Hence, TVA could not unilaterally establish a special wage level even if it had been inclined to do so.

At the aforementioned meeting with union officials at which time TVA's participation in the jobs program was outlined, TVA proposed that a new job classification and wage rate be established. It would be called "a sub-laborer" with a wage of \$6.00 an hour. This wage was \$2.00 an hour below the prevailing wage for laborers employed by TVA. The proposal was accepted by the Trades Council with the understanding that the sub-laborer wage would apply only to crews that worked separately and independently from regular TVA work crews or other TVA jobs program work crews. If the work crews included any other skilled workers, the regular laborer wage of \$8.00 an hour would be paid. Thus, even though the sub-laborers performed the identical work as other TVA laborers, they would receive the lower wage

if they worked on distinct work assignments and they were not mixed with other skilled workers. This would mean that TVA could employ four workers for the same cost it would normally have to pay for three; that more unemployed workers could be hired under this arrangement than would have been possible under normal contractual terms; and, with the additional workers, TVA could have more work performed than would have otherwise been possible.

Serving the Long Term Unemployed

Recognizing the clear congressional intent that P.L. 98-8 provide jobs for the long term unemployed, TVA sought to build controls into the administration of its program that would assure this result. Adhering to the language of the legislation, it was agreed that to the maximum extent possible, all persons hired for projects funded under P.L. 98-8 were to have been unemployed for at least 15 of the 26 weeks preceding March 21, 1983. Among these eligible persons, workers who had exhausted their eligibility for unemployment insurance were designated as a priority group.

As most persons hired under the program were referrals from union hiring halls, a means of verifying the unemployment status of individual workers had to be built into this process. Accordingly, when a job requisition order from TVA's personnel office was submitted to the business agent of the specific trade union, the union would supply the names of the workers it was referring to do the work. These names were given to the public job service office in the local area to verify that the person was currently an unemployment insurance claimant or had exhausted his or her eligibility for such benefits. This procedure was also used to affirm that the person

lived within commuting distance of where the particular job project was to operate. If these conditions were met, the individual would be hired.

Experienced TVA Employees Would be the Supervisors

One of the more serious criticism of some of the public service employment programs in the 1970s was the fact that adequate supervision was not always provided. In some instances, unemployed workers with no supervisory experience were hired to supervise other workers hired under the auspices of the same program. While this had not been a particular criticism of TVA participation in those programs, it was noted that TVA did experience "some disasters" when it had "hired supervisors off the streets" during the CETA era. To avoid any possible replication of such happenings, it was decided from the outset of the jobs program that all supervisory work would be performed by experienced TVA supervisors. Adherence to this practice was viewed as an efficient use of the program's funds since experienced supervisors were already familiar with all of TVA's rules, regulations, and safety requirements. Moreover, reliance upon experienced supervisors was also seen as being an effective means of assuring good job performance since these supervisors had already demonstrated their capacities to perform these duties. In a few instances, some of the supervisors were unemployed persons who had formerly been regular supervisors but had been laid off during the general employment reductions of the previous two years.

In some instances where the work crews were small, the supervisors were expected to work alongside those they supervised. In most instance, however, the supervisors were expected to devote full-time to their oversight and organizational duties. In all instances, the salaries of the supervisors were paid for out of jobs bill funds.

Chapter VI

General Experiences and Accomplishments

Having outlined the planning procedures for the selection of the projects and for the determination of who would be hired to do the work, it is time to examine the operational experiences that impinged upon the program's performance and to indicate the program's general accomplishments. The specific accomplishments as they relate to the objectives set by TVA will be discussed in the next chapter.

The Number of Applicants

When TVA announced its plans concerning its participation in the program, it set forth its hiring goals for the entire year of close to 2,000 job openings. As was later acknowledged by TVA officials,

...This was a mistake. The media picked up the announcements and made it sound like all the jobs would be immediately available. This unduly raised expectations too high too fast. These media stories made it also sound like all the jobs would be available in one geographic area [Knoxville] whereas in fact they would be spread all over the Valley.

As a consequence, TVA received during the first week a response of between 13,000 and 14,000 applications. All of TVA's employment offices throughout the Valley--but especially its administrative center in Knoxville, Tennessee--were "swamped" with inquiry calls and actual applicants. Most of the applicants were not union members and about one-quarter of them were under the age of 25. Each completed application was placed on file by county of residence.

After the initial surge of applications, the number diminished somewhat. Nonetheless, as of mid-June 1983, over 22,000 applications had been received. By this time TVA had ceased doing any publication of information about either job openings or about any of the work that would be done. This low visibility

policy was adhered to for the remainder of the program's life. As a consequence, the number of applications was reduced to a trickle. By April, 1984 the number of applications on file totalled over 25,000.

TVA personnel officials reported that this applicant response was not entirely unusual from other times when it is announced that TVA is hiring. In many southern rural communities it is generally understood that TVA jobs are "highly desirable" in terms of the wages, benefits, and protections that they afford. These same officials also note that many people in the region feel that TVA jobs should be available for everyone. As a consequence, when few are hired relative to the number who have applied, "there is much consternation and disappointment". In the case of the jobs program, these officials felt that the media coverage about the program "tended toward sensationalism". No doubt, the high unemployment in the region as well the prolonged nature of the general economic downturn exacerbated the situation. Nonetheless, every application had to be processed which required that both time and effort to be diverted away from normal staff duties.

Project Decisions

In addition to the swell of applicants, TVA was soon besieged with parallel requests and demands concerning the location of projects from local mayors, county officials, state legislators and U.S. Congressmen whose jurisdictions impinge upon or are totally included within TVA's service area. Following the release of the initial list of work projects, there were complaints from those who were omitted. There were similar reactions by business agents from some local unions and by some citizens groups when they learned that their communities were not among the chosen.

As a result of these pressures, a few modifications and additions were made to the list of small projects but none of the major projects were affected. For the most part, the projects and their associated funding levels that were the products of the original planning process remained unchanged. As one TVA spokesman observed, "one reason why we allocated all of the funds as rapidly as we did is that it is a lot easier to say 'no' if all the funds are allocated than it is if there are reserve funds sitting around."

The Speed of the Employment Build-up

As P.L. 98-8 was intended to employ people as quickly as it was feasible to do so, the speed and size of the employment build-up is an important consideration to an assessment of the workability of the program. Table 5 shows the monthly totals of "direct hires" for the work that was done by TVA itself. It shows that in the period from April 1983 through early June 1984 that 1,183 persons were hired directly by TVA under the auspices of this program. Of this number, 493 (or 42.3 percent) were employed within the initial 90 day start-up period. As there was no federal agency charged with the responsibility to monitor the overall operation of the jobs program, there is no centralized data collection source available that would enable a comparison of TVA's performance to be made with other recipients of funds from P.L. 98-8. One informal survey was conducted by the New York Times of the job creation progress of the bill. It concluded the following after the first 90 days of the program's life:

Three months after it became law, the Federal \$4.6 billion emergency job program has produced few of the new jobs it was designed to create. Most of the money is tied up in red tape and debate over how it should be spent.¹

Table 5. Monthly Totals of "Direct Hires" by TVA and
Employment by Private Contractors Under P.L. 98-8,
April 1983 Through Early 1984

<u>Month</u>	<u>Number of Direct TVA Hires</u>	<u>Number Employed by Outside Contractors</u>
April (1983)	172	--
May	107	--
June	214	--
July	124	131
August	114	106
September	124	113
October	100	49
November	56	28
December	15	0
January (1984)	27	35
February	9	20
March	16	32
April	36	18
May	34	N.A.
June	<u>35</u>	<u>N.A.</u>
Total	1,183	532

N.A. = Not Available

Source: Tennessee Valley Authority

Thus, in stark contrast to the negative findings of the New York Times survey, TVA's performance was significantly more positive than was the apparent experience elsewhere. The New York Times survey made no mention the TVA experience in its account of the jobs program.

In addition to those persons employed directly by TVA, it should be recalled that TVA also let a number of contracts to private employers to perform certain work projects. The data concerning those persons employed by private contractors was not part of the information system compiled by TVA's personnel office. These other workers were not TVA employees but, rather, were employees of the private employers with whom TVA contracted. Using separate data collected by TVA's purchasing department, the monthly employment totals for the number of persons hired by private contractors over the period from April 1983 through April, 1984 are also shown in Table 5. In total, an additional 532 persons were employed over this period.

Despite this seemingly impressive performance, TVA staff members felt disappointed that they were not able to have even more people employed during the first ninety days of the program. They had anticipated that they could have done better. In some instances, however, it took a longer time to complete the actual project design and to assemble the needed materials and equipment than had been anticipated. As TVA officials concluded, "in some instances speed and efficiency cannot be accomplished at the same time." TVA did not want to put people on the payroll before the work was available for them to do. Hence, until the design and logistic details were completed, actual employment did not begin.

In other cases, it took longer than expected to obtain the agreements from some local governments who were to be the indirect beneficiaries of some

of the undertakings. For example, \$800,000 was designated to upgrade and repair 15 small parks--with ball fields, boat ramps, picnic sites, and beaches--on TVA reservoir land. In each instance, the local government's where the improvements were to be made were asked to formally agree to provide and pay for the long term maintenance and upkeep. Unfortunately, it took longer than expected for some of these legal agreements to be completed before work could begin.

For some projects, of course, there never was any intention that they would be started in the first 90 days. In the case of the cleanup work, for instance, it was always understood that the shoreline work could only be done when the lake levels receded in the Fall. Likewise, some access road repairs and the upgrading of older picnic and camp site areas could not be done until after the period of peak usage of these facilities by the public during the Spring and Summer months was over. In another instance, a reforestation project could not begin until the Spring of 1984 since, by the time the jobs program was in operation in 1983, the planting season was already over.

It was also the case that, in some circumstances, the process of certifying the unemployment status of each "direct hire" by TVA took longer than had been expected.

Program Expenditure Levels

Another way to judge the speed of program implementation is to examine the rate of expenditures on the program. As already mentioned, the planning process had culminated in the allocation of all of the available funds (except a small contingency reserve) before the end of the second operational month

of the jobs program (i.e., May 1983). But allocations of dollars are not the same as actual expenditures. Table 6 shows the monthly expenditures (i.e., the amount spent to date) and the amount of obligations (i.e., actual expenditures plus any legal commitments such as future contract payments) incurred through May 1984.

If TVA had contracted out all of its work, it could have obligated all of its dollars at once. Although the obligation of funds in this fashion might have seemed impressive to outside observers, it must be understood that rate of obligation does not correlate directly with rate of employment. TVA, in order to assure compliance with the goals of the jobs program, elected to spend most of the funds (80 percent) it received on projects where unemployed people were hired directly. In this way, TVA felt it could maintain control over the program and be certain that unemployed persons were actually hired. To the degree work might be rapidly contracted out (and thereby making the figure for obligated funds higher), TVA believed it would lose control of the hiring process. There was the inherent danger that the private contractors would not hire unemployed workers but rather, merely rearrange the work schedules of their present employees.

It is TVA's intention that all of its expenditures on jobs program activities will have been made by the end of fiscal year 1984 (i.e., September 30, 1984). This will mean that TVA will spend all of its funds within 18 months. If actually achieved, it can be fairly concluded that TVA's program will meet the goal of speedy implementation.

Table 6. Expenditures and Obligations of Jobs Program
Funds by TVA, April 1983 Through May 1984

	<u>Expenditures</u>	<u>Obligations</u>
April (1983)	\$ 221,152	\$ 221,152
May	2,092,816	2,102,426
June	3,502,504	4,084,087
July	6,124,372	6,675,929
August	9,276,783	9,903,143
September	13,447,281	13,781,528
October	16,180,649	16,512,954
November	19,067,754	20,436,168
December	20,943,295	22,256,623
January (1984)	22,665,777	23,723,366
February	23,932,349	25,574,092
March	25,447,445	27,649,826
April	27,072,785	29,168,057
May	29,034,752	32,132,321

Source: Tennessee Valley Authority

Chapter VII

Specific Accomplishments

Aside from the aggregate number of persons employed and the speed with which they were hired, an assessment of the program's accomplishments must also include references to the specific objectives set by TVA. Each will be discussed separately.

Although Adjustments Were Required, Equal Employment Opportunity Objectives Were Met

Of the 1,183 persons hired directly by TVA as of June 30, 1984, 176 (or 14.9 percent) were minority group members. This is only slightly below the 16.2 percent goal set at the beginning of the program. With the exception of one minority worker who was an American Indian, all others were blacks. Thus, even though much of the work was done in geographical areas where the minority population was small, the program came in essentially on target. Moreover, TVA's equal employment opportunity staff was "completely satisfied" that the distribution goals of minorities between the individual work projects were also met.

The success of this phase of the program's affirmative action program is attributed to the unique formula used to determine minority employment targets and the application of these targets to individual projects rather than to the entire program itself. Likewise, it is also clear that the success was also due to the constant monitoring of the performance of each project to assure that each individual undertaking was making satisfactory progress. In those few circumstances when goals were not being approached, the TVA staff contacted the particular unions in the locality to remind them of the importance of reaching these goals. The unions were told that, if they could not find sufficient minority workers, TVA would go to its massive roster of applicants and hire minority workers directly.

It is also clear that the creation of the sub-laborer classification was a major factor in the ability of the program to meet its minority employment targets. Of the 390 persons hired as sub-laborers, 78 (or 20 percent) were minorities. Thus, sub-laborers accounted for 44.3 percent of the minority workers hired by the program. Given the relatively small minority population in many of the rural areas that benefitted from the program and the limited number of skilled minority workers available in these localities, it is very doubtful that a significant number of minorities would have qualified for employment without the creation of this sub-laborer classification.

With regard to women, the results were astounding. The overall target of 7 percent female workers was significantly exceeded. A total of 121 women were employed (or 10.2 percent) of all "direct hires". A total of 51 women were employed as sub-laborers. This meant that women accounted for 13.1 percent of the sub-laborers and that 31 percent of all women hired were sub-laborers. Thus, while it is true that the creation of the sub-laborer classification did help explain the fact that the target for female participation was exceeded, it is likely that the successful results can also be attributed to the attention given to the goal of female participation by the TVA staff and their on-going monitoring of program performance.

It should also be noted that the policy of favoring former TVA employees among those who were hired directly also significantly contributed to the equal employment opportunity accomplishments of the program. Of the 742 former employees who were hired by TVA, 115 were minorities and 55 were women. This means, that 65 percent of the minorities and 45 percent of the women who were employed under the program had previously worked for TVA.

As for the second phase of the affirmative action program, the results were frustrating. Namely, for the work that was contracted-out to private

employers, they too were expected to adhere to the same hiring procedures used by TVA for its "direct hires". They were also contractually obligated to keep and to submit records that would indicate the number of persons employed on the projects as well as their race and gender. While they did report the number of persons who were employed (see Table 5), they did not provide any data on participant characteristics. The problem, it seems, was that most of the projects involved relatively small dollar amounts for paving and road repairs in remote rural locations. Consequently, it seems that the contractors did not hire any "new" employees to do the work. Instead, they simply reassigned their regular work crews. As the contractors did not hire any "new employees", they did not report participant characteristics or they turned in reports that simply showed "zero" new employees. Hence, not only is there no data on the racial and gender composition of the workers involved in these projects, but it also appears that this aspect of the program did not result in any significant reduction in the ranks of the locally unemployed. The only positive aspects of this phase of the jobs program, therefore, is the indirect spending impact on the local economy and the benefit to TVA from the work that was performed.

As for phase three of the equal employment opportunity program, it was never implemented. There were no "set asides" made to assure that minority contractors received any set proportion of the work that was contracted-out. Despite the fact that a Supreme Court ruling in 1980 upheld the legality of "set asides" for minority contractors on federally supported public works projects, there was internal opposition to the concept by TVA's legal and purchasing departments.¹ They feared that such a practice could lead to TVA incurring higher contractual costs than would be the case if they relied simply on their normal "lowest-bid wins" policy. Instead, they molded their

efforts around TVA's conventional policy of solicitations from minority firms and providing minority firms with purchasing and other associated assistance. These policies are normally applied to both minority firms and to small coal operators so they can compete with large firms with professional marketing staffs. A special mailing effort was made to inform minority contractors throughout the region of the opportunity to bid on these projects. Legally, however, TVA could not close-off the bidding process from anyone. There is no indication that minority contractors won any of the contract awards.

The last component of the equal employment opportunity program pertained to the \$800,000 given to the Tennessee Valley Center in Memphis. This money was added to the trust fund set up by TVA to assist in the support of TVC. As such, TVA had no say whatsoever in setting the terms of employment. TVC was free to contract with whomever they pleased. TVC was not obligated to hire a union contractor or to specify that prevailing wages be paid. Accordingly, TVC chose a non-union, minority contractor (called Bricks, Inc.) to do the work. There is no way to know if those hired were long term unemployed or at what wage rate they were paid but it is likely that minority workers were employed to do the work.

As for the TVC project itself, its starting date was delayed because the two old buildings that were to be renovated were found to be structurally worse-off than had been originally anticipated. More time was required to determine how to do the work and it was also necessary to raise another \$140,000 to cover these added costs. The work began in early 1984 (rather than in mid-1983) and is expected to be completed by the end of the Summer. The additional funds were provided by a grant from a consortium of national foundations of which the Ford Foundation was the most prominent member.

Determining Unemployment Status Was Not Always Easy and It Was Impossible To Apply A Uniform Standard Over The Course of The Program

Although the definition of unemployment used in the planning phase of the project seemed precise (i.e., to the maximum extent possible, participants should have been unemployed for at least 15 weeks of the 26 weeks prior to March 24, 1983), TVA experienced the same conceptual difficulties that have plagued the implementation of many human resource development programs at the local community level. Namely, there were some people who, because of high unemployment levels, had become discouraged from seeking work. Technically, if a person ceases to participate in job search activities, he or she is not considered to be unemployed. Likewise, there were persons who were employed in part-time jobs but who wanted full-time work. By official definitions, those persons who involuntarily work part-time jobs are considered to be employed. Also, there were other persons who were underemployed. That is to say, during the prolonged recession, some workers had been forced to take jobs that were not their normal occupations (e.g., construction workers who during the recession period had taken menial service jobs) and which paid relatively lower wages. All of these situations complicated the eligibility determination process. Fairmindedness could make a case for including all persons in these situations as eligible participants. In fact, some were. The general case, however, was that the official definitions of unemployment were used.

The eligibility standard of being unemployed 15 out of the 26 weeks preceding March 24, 1983 was generally adhered to during the initial employment build-up that occurred in the Spring and early Summer of 1983. By late Summer and in the Fall of 1983, however, the unemployment rate in the nation and in the Valley had declined somewhat. Hence, in some locations it was

necessary for TVA to modify somewhat the number of weeks of unemployment that would permit someone to qualify for the jobs program. Although being unemployed remained a pre-condition for participation, the number of weeks of unemployment was reduced in some areas to 8 to 10 weeks prior to the time that they were actually hired. Thus, due to changing economic conditions, some people who were hired later in the program's life would have been ineligible had they sought to be hired when the program began.

Hiring Unemployed Persons Who Had Exhausted Their Eligibility for Unemployment Compensation Proved Difficult Because of Parallel Federal Legislation That Extended the Terms of Their Eligibility

Finding persons who had exhausted their eligibility for unemployment compensation turned-out to be an unexpected problem. In the planning of the program, TVA had designated these exhaustees to be a priority group. But, at the last moment, P.L. 98-8 was amended to include a section that extended the federally funded supplemental unemployment compensation program. Designed specifically for the long term unemployed, the legislation allowed those persons who had exhausted their regular and extended benefits to qualify for a maximum of eight to fourteen additional weeks of benefits (depending upon the unemployment rate in their respective states). The entire cost of this supplemental benefits program was paid by the federal government and it became effective April 1, 1983. The debate over this benefit extension had been carried-on as part of a parallel legislative effort to reform the nation's social security system rather than as part of the actual debate over the jobs program. Because the existing authority for this special unemployment benefits program was due to expire on March 31, 1983, it was separated from the social security reform legislation which had not yet been completed and attached to

the jobs bill. Hence, the jobs program and the extension of unemployment compensation eligibility both became effective at the same time.

As a consequence of these simultaneous actions, the magnitude of the problem of exhaustees of their unemployment benefits suddenly "dried-up." Hence, soon after the recruitment process began, it was necessary to modify the intended priority of the program to serve exhaustees. A change was made whereby TVA decided to count those persons who were receiving the federal supplementary benefits as exhaustees so that persons in this category would have the same priority for the jobs program as exhaustees were originally intended to have.

Many Former TVA Employees Were Rehired

As reflected in TVA's design of the jobs program, a substantial number of former TVA employees who were still unemployed were rehired under its auspices. A total of 742 (or 62.7 percent) of those employed through the first thirteen months were unemployed former employees. Some had previously exhausted their unemployment benefits and others were unemployed but still collecting these benefits.

The availability of so many former employees reflects the reality of many southern rural labor markets. Once laid-off, there were few job alternatives available for many construction workers. In addition, of course, the high re-employment rate reflects the fact that TVA had targeted its largest projects to the general geographic areas where its layoffs in the previous two years had been most extensive.

Although not initially recognized as a potential feature, this reemployment policy proved to be more than an act of beneficence on the part of TVA.

As the supervisor of the large series of projects at Land-Between-the-Lakes observed:

A very big feature of this jobs program is that all the workers are former employees. We do not have to spend time training them how to do the work and informing them about TVA's operating and safety procedures. It is an employment program that enhances productivity.

Likewise, another official said that "there is no cost difference to TVA whether it hires former employees or not, but it is obviously a more efficient use of funds if you hire people who are already familiar with the jobs they are expected to do."

In addition, of course, to the degree that these former workers were still collecting unemployment benefits that were chargeable to TVA's experience rating, it can be presumed that the payroll tax charged to TVA was reduced by the fact that some of its former employees were re-employed under this program.

Although jobs program participants were all hired as temporary workers, it is possible that some of these workers will be kept-on as permanent workers should any vacancies occur as a result of normal attrition and turnover. If so, the time that they were employed on the jobs program will count as work experience for the federal service.

The Geographic Eligibility Restriction Was Not Applied

The only eligibility standard to encounter any political opposition was the effort to restrict participation to those persons who resided within commuting distance of the project. A number of officials of local counties and communities that were nearby--but beyond the 50 mile radius--of the funded projects vehemently protested the concept. They felt it was arbitrary and, in effect, it was discriminatory against citizens of their localities who would otherwise be eligible to compete for these job openings.

As a consequence, TVA officials somewhat reluctantly acceded to these pressures. The operational policy was never recinded, but there was no serious effort made to enforce its terms.

Unemployed Union Members were the Primary Beneficiary

Of the 1,183 persons hired directly by TVA through the end of June 1984, 1,058 (or 89.4 percent) were union members. This result, of course, follows from the fact that the focus of the funded projects was on construction work and, under TVA's labor relations policy, preference was given to unemployed union members. Except for a few clerical workers, the remainder of those hired were from the occupational range of the construction industry. Those who were hired as sub-laborers were frequently from the ranks of experienced laborers.

Officials of the laborers union--which accounted for a disproportionate number of those hired--indicated that they do not operate an exclusive hiring hall whereby only union members can be referred. They did say that some non-union people used their hiring hall to get jobs. These union officials indicated, however, that they "did contact those who were non-members soon after they were hired about joining." Apparently, most of those did.

Union officials defended the TVA's practice of relying upon their hiring halls to refer workers on both efficiency and safety grounds. Under this arrangement, TVA could be relatively certain that it hired experienced workers. The work is usually physical and sometimes quite dangerous. Union officials reiterated their belief that it is not possible to simply hire unemployed people off the street for construction work and expect them to know what to do and how to do it safely. Since speed in hiring was a goal of the program, there was no time to train people to do jobs or to teach them TVA's own work and safety requirements.

Indeed the problems of hiring inexperienced workers to do construction work was one of the most negative (and least publicized) attributes of the initial construction programs of the New Deal programs in the 1930s.² Not only could many unemployed persons often not do the work but, also, many were injured and some were killed. Construction work is known to be among the nation's most dangerous industries. As the jobs program sought to fund many projects that involved traditional types of TVA construction undertakings (as opposed to any specially designed projects), the ability to use experienced workers was viewed as a necessity for both efficiency and safety reasons.

As it turned out, two workers hired under the jobs program were killed as the result of on-site work accidents. One worker fell when a section of roof of an old building at Muscle Shoals that was being demolished suddenly gave way. The other worker was crushed by a falling tree that, after being chopped down as part of clearance work on a de-watering project in West Tennessee, bounced-off another tree to where he was standing. Thus, even with the reliance upon the use of experienced workers, there could be no assurance that accidents will not occur.

There is no data available on the union status of those additional projects that were contracted-out to private employers. As most of this work was done by small contractors in rural areas that were remote from TVA employment centers, it is likely that most of these employees were non-union. Likewise, as previously discussed, the renovation work done by TVC in Memphis was done by a non-union minority contractors. Hence, it is clear that some of the work performed for TVA under the jobs program was available for non-union workers.

The New Job Classification Was Used Extensively

Because of the emphasis given to labor intensive projects by TVA planners, laborer-type jobs were created in disproportionate numbers. Indicative of this result is the fact that of the 1,183 persons hired directly by TVA in the first fourteen months of the program, 390 (or 32.9 percent) were employed in the sub-laborer job category. This classification, it should be recalled, was created for the jobs program as a result of a concession given by the Tennessee Valley Trades and Labor Council at the request of TVA. Many of those hired as sub-laborers had previously been employed by TVA as laborers. Hence, this classification enabled TVA to hire experienced workers at a wage cost that was below the standard that would have otherwise prevailed. It also contributed significantly to the ability of TVA to meet its equal employment opportunity objectives for minorities and women.

The Use of Experienced Supervisors Enhanced Program Effectiveness

Reliance upon experienced TVA supervisors, who were either transferred from other jobs or who had been laid off under previous cutbacks in TVA employment and were rehired, greatly enhanced the effective administration of the work projects. The use of experienced supervisors meant that program administrators could have confidence that the job performance expectations of persons hired in these projects would be identical to the standards imposed on all other TVA undertakings. As one official commented "we tell all supervisors that this is a work program and everyone is expected to perform to the usual standards; if anyone doesn't want to work, we don't need him."

All foremen for jobs bill projects were paid the same wage rate as all other TVA foremen. The ratio of foremen to workers varied depending on the size of the project. If the ratio was low, it was expected that the foremen could be a "working-foremen" who was expected not only to supervise but also to work as a crew member as well.

Chapter VIII

Concluding Observations

From the preceding discussion, it is apparent that the portion of P.L. 98-8 that was administered by the Tennessee Valley Authority accomplished its primary mission of serving as an instrument of countercyclical job creation. Long term unemployed workers were able to find jobs in their normal line of work and to spend their derived incomes within their local communities to help others. In the process, TVA benefitted from the opportunity to have a significant amount of tangible work completed that would not have otherwise been possible for a number of years into the future. In the process, of course, the public will directly benefit as a result of the availability of these facilities for present use.

The only negative aspect of the general results of the program pertains to the fact that, when TVA contracted-out work, it appears that in some instances the private contractors did not hold to the same eligibility standards that TVA used for the workers it hired directly. Hence, while it seems certain that TVA did hire people who would not otherwise have been employed, the same cannot be said of the actions of the private contractors. Accordingly, the countercyclical employment accomplishments of the program were somewhat tempered by the decision by TVA to rely on outsiders to perform some of the work.

In addition to the general results of TVA's participation in the jobs program, there were specific accomplishments as well. Without repeating the details, it is fair to conclude that TVA's design and administration of the jobs program represented a conscientious effort to affirm its commitment to the enhancement of employment opportunities for minorities and women;

to demonstrate its concern for the welfare of its former employees; to strengthen its positive relationship with the collective bargaining agents which represent its workers; to contribute to the income available to be spent within the communities of the region during a period of economic hardship; and to acknowledge to itself that the current TVA organization was as capable of responding to the opportunity it was afforded by Congress to meet the employment needs of workers of its region as had its founding predecessors been in the 1930s.

As the jobs program was nearing the end of its authorized lifespan, the high unemployment that had plagued the region had declined somewhat from the levels that existed when the program began. Yet unemployment in the region still remained above the national average and there are serious reasons to fear that the long term structural changes that are occurring in the national economy do not bode well for the Tennessee Valley area. The jobs program was not a panacea for the correction of the long term ills of the southern rural economy of which TVA is a part. Yet, the program does show there is plenty of useful work to be done and that there are people willing, able and in need of the opportunity to do it if given the chance. As one TVA official succinctly noted, "if the rationale for the program existed in 1983, it still exists in mid-1984."

Endnotes

to Chapter 1

1. Throughout the public discussion of the legislation, the bill and the subsequent statute were referred to as being "the jobs bill". Grammatically, this phrase is incorrect as adjectives are not used in plural forms in English. Nevertheless, in deference to the political derivation and the popular use of the term, the phrase "jobs bill" or "jobs program" will be used on occasion in this report.

to Chapter 2

1. For a partial listing of the physical accomplishments of WPA, see Garth L. Mangum "Government as Employer of Last Resort" in Joint Economic Committee U.S. Congress, Federal Programs for the Development of Human Resources, Volume 2, (Washington: U.S. Government Printing Office, 1968), p. 434.
2. 48 Stat 58.
3. Arthur S. Link, American Epoch (New York: Alfred A. Knopf 1956), p. 432.
4. Garth L. Mangum, "Government as Employer..." op. cit., p. 436.
5. Ibid.
6. E.g., see James L. Webb "Operation Mainstream in Texas" in Human Resource Development in Rural Texas edited by Ray Marshall, et.al., (Austin: Bureau of Business Research, 1974), pp. 92-99.
7. Mangum, op. cit., p. 433.
8. National Advisory Commission on Civil Disorders, Report. (New York: Bantam, 1968), pp. 413-424 and Vernon M. Briggs, Jr., Chicanos and Rural Poverty (Baltimore: Johns Hopkins University Press, 1973).
9. For a discussion of this legislation, see Emergency Employment Act edited by Sar Levitan and Robert Taggart, (Salt Lake City: Olympus, 1974).
10. For an excellent review of the changing patterns of the public service employment programs under CETA, see William Mirengoff, et.al., The New CETA: Effect on Public Service Employment Programs: Final Report (Washington, D.C. National Academy Press, 1980).
11. There is no specific research study on TVA's involvement in the job creation programs under CETA. However, some details of TVA's involvement were included within a broader study by Vernon M. Briggs, Jr., et.al. Public Service Employment in the Rural South, A report prepared for the U.S. Department of Labor under contract #21-36-78-37 (August, 1981), pp. 101-102.

12. For a review of the research on job creation programs under CETA, see Vernon M. Briggs, Jr., "The Revival of Job Creation Programs in the 1970s: Lessons for the 1980s," Proceedings of the Thirty Fourth Meetings of the Industrial Relations Research Association, (Madison: Industrial Relations Research Association, 1982), pp. 258-265.
13. See "Nickel Rise in Gas Tax Swell Road Projects," New York Times (January 16, 1984), p. B-7.

to Chapter 3

1. P.L. 98-8, p. 1.
2. Ibid., p. 11
3. Ibid., p. 20
4. Ibid.
5. See Vernon M. Briggs, Jr., "Unemployment and Underemployment" in Non-metropolitan America in Transition edited by Amos H. Hawley and Sara Mills Mazie (Chapel Hill: The University of North Carolina Press, 1981), pp. 359-381.
6. Brian Rungeling, Lewis H. Smith, Vernon M. Briggs, Jr., and John F. Adams, Employment, Income and Welfare in the Rural South, (New York: Praeger Publishers, Inc., 1977) pp. 141-4 and 161-4.
7. Office of the Chief Economist, Tennessee Valley Authority, Economic Outlook, Knoxville, Tennessee: Tennessee Valley Authority, 1983, p. S6.
8. Ibid., p. S7-S8.
9. Ibid., p. 23
10. "Staffing the Agencies", The Washington Post, (January 27, 1984), p. A-15.

to Chapter 4

(none)

to Chapter 5

1. "General Agreement Between the Tennessee Valley Authority and the Tennessee Valley Trades and Labor Council", Title III, Part 2, Negotiated August 6, 1940, Covering Construction Employment, p. 3.
2. Tennessee Valley Act of 1933, Section 3.

to Chapter 6

1. Iver Peterson, "3 Month-Old Emergency Act Has Created Few Jobs as Yet," New York Times, (July 5, 1983), p. A-1 and A-13.

to Chapter 7

1. The Supreme Court decision was Fulilove v. Klutznick 48 U.S.L.W. 4979 (1980).
2. See Final Report on the WPA Program 1935-43, (Washington: U.S. Government Printing Office, 1943), p. 17. Accidents were a serious problem for those hired for the program launched by the Civil Works Administration in 1933. Consequently, by 1935 when the Works Progress Administration was created, steps were taken to restrict participation only to those men who were found healthy enough to do the work.

Appendix

Appendix

Table 7. Description, Funding Levels, and Approximate Geographic Location of the TVA Projects Funded Under P.L. 98-8, as of December 31, 1983

Project Description	Project Allocation	Location*
Resurfacing lake access and other roads and parking lots on various TVA reservations and reservoir lands	\$1,882,000	Various reservoirs and reservations in AL, GA, NC, and TN
Replacing four bridges and upgrading 14 miles of road on The Trace at Land Between The Lakes	6,500,000	Stewart County, TN
Maintenance of recreation areas and reservoirs at TVA reservoirs throughout the Valley, including general cleanup, brush removal, drainage maintenance, minor site improvements, shoreline cleanup, and operation of a barge to remove floating debris	3,325,000	Various reservoirs in AL, GA, KY, MS, NC, TN, and VA
Restoration and improvement of 60 miles of roads, resurface 20 miles of roads, and upgrade 20 bridges at Land Between The Lakes	2,655,000	Trigg and Lyon County, KY, and Stewart County, TN
Modifications to Watauga Dam, including raising the dam top	750,000	Carter County, TN
Safety modifications to Boone Dam	1,100,000	Washington and Sullivan Counties, TN
Maintenance of various TVA locks and dams, including the Beech River project, Bear Creek Dam, Upper Bear Creek, Chickamauga project, Kentucky project, and Wilson Hydro lock	525,000	Franklin, Lauderdale, and Colbert Counties, AL; Lyon and Marshall Counties, KY, and Henderson and Hamilton Counties, TN
Additional development of Yellow Creek Port, including site preparation and construction of an industrial building	2,500,000	Tishomingo County, MS

*Most TVA activities occur in rural areas and are thus located by State or county name rather than by city.

<u>Project Description</u>	<u>Project Allocation</u>	<u>Location</u>
Construction of buildings for high-technology and craft upgrade training and related costs for training programs: north AL and Nashville, TN	3,410,000	Boaz, Hanceville, Muscle Shoals, and Rainsville, AL, and Nashville, TN
Renovations to a Memphis, TN, facility to be rented by the Tennessee Valley Center for Minority Economic Development with funds provided by TVA	800,000	Memphis, TN
Removal and disposal of phosphorus production facilities and other cleanup at TVA's National Fertilizer Development Center, Muscle Shoals, AL	5,000,000	Muscle Shoals, AL
Maintenance of various facilities, including sewer systems, electrical systems, buildings, fly ash ponds, roads, parking lots, and railroad tracks at TVA's National Fertilizer Development Center, Muscle Shoals, AL	1,300,000	Muscle Shoals, AL
Installation of energy conservation measures at various TVA facilities in TN, KY, and AL	2,000,000	Muscle Shoals, AL; Chattanooga and Stewart County, TN, and Trigg and Lyon Counties, KY
Renovation of navigation markers on TVA waterways throughout the Valley	400,000	Through the Tennessee Valley
Maintenance of dewatering areas on the TVA reservoir system by removing silt from obstructed ditches and maintenance of main levee systems	1,400,000	Various reservoirs in AL and KY

<u>Project Description</u>	<u>Project Allocation</u>	<u>Location</u>
Development of new site accesses and associated facilities on the Ocoee and nine other rivers; development of a campground on the Bear Creek floatway	700,000	Various rivers and reservoirs in AL, GA, NC, TN, and VA
Rehabilitation of water and sewage systems of Land Between The Lakes	775,000	Trigg and Lyon Counties, KY, and Stewart County, TN
Expansion of a campground at Land Between The Lakes (Piney Campground)	1,000,000	Stewart County, TN
Implement land-use plans for TVA's Pickwick, Guntersville, and other improvements on main-stream and tributary reservoirs	1,000,000	Various reservoirs in AL, MS, and TN
Improvement and expansion of two TVA campgrounds in both AL and TN	400,000	Morgan County, AL, and Meigs County, TN
Upgrade and expansion of existing TVA environmental education areas at Norris, Nolichucky, Muscle Shoals, and Bear Creek. Addition of new environmental education areas at TVA's Tellico and Chickamauga Reservoirs and at its Fontana, Guntersville, Norris, Kentucky, and Wilson powerhouses	500,000	Various locations in AL and TN
Improvement of facilities at locally operated parks that are located on TVA lands throughout the Valley	800,000	Various locations in AL, GA, NC, and TN
Mine reclamation at various TVA sites, including sites of TVA-owned mineral rights and at other sites where necessary to maintain water quality at nearby TVA reservoirs	500,000	Various locations in AL and TN

<u>Project Description</u>	<u>Project Allocation</u>	<u>Location</u>
Removal and disposal of quonset hut and gravel site at TVA's South Nashville substation	70,000	Nashville, TN
Remove and replace 23,000-square-foot built-up roofing at Nashville Power Service Center	80,000	Nashville, TN
Construct south information center and entrance control stations at Land Between The Lakes	450,000	Stewart County, TN
Acquire field survey data for three local flood studies to be conducted in Cherokee, NC, Fayetteville, TN, and Hamilton County, TN	125,000	Cherokee, NC, and Fayetteville and Hamilton County, TN
Testing, operation, and maintenance of solar pond demonstration in Chattanooga, TN	140,000	Chattanooga, TN
TVA forest lands management demonstration on Wheeler, Tellico, and Norris reservations, including model techniques of timber stand improvement, tree planting for erosion control	175,000	Various reservoirs in AL and TN
Enhance Valley fisheries resources at TVA reservoirs by constructing fish attractors, and vegetative seeding of shoreline at Nottely, Chatuge, and Blue Ridge Reservoirs	300,000	Various reservoirs in GA, NC, and TN
New and improved signs at LBL	75,000	Trigg and Lyon Counties, KY, and Stewart County, TN
Nonroutine maintenance at LBL facilities (Brandon Spring Group Camp)	80,000	Stewart County, TN
Restoration of McGee House	100,000	Monroe County, TN

<u>Project Description</u>	<u>Project Allocation</u>	<u>Location</u>
Road improvements across Blue Ridge Dam	300,000	Fannin County, GA
General services	187,000	Various

BB4034.01

96

"END OF DOCUMENT"